Computacenter plc
Annual Report and Accounts 2022

HELPING OUR CUSTOMERS CHANGE THE WORLD

2022 highlights

Eighteenth consecutive year of adjusted[1] **earnings per share** growth

North American Segment continued to progress and increased its gross profit by over 18 per cent in constant currency[2], in line with our plans and illustrating the **long-term opportunity**

Services revenue increased by 8.3 per cent, demonstrating our development of **customer value**

Customer accounts with gross profit of over £1 million per annum increased by 10.7 per cent, showing our ability to retain and develop **long-term customer relationships**

Continued significant **programme of investments** to underpin our long-term **resilience, competitiveness** and **growth**

Achieved carbon neutral status for Scope 1 and 2 emissions in 2022, making us one of the **first companies in our industry** to reach this milestone

India offshore headcount grew to 1,100, a key source of **skills and competitive advantage** in the years ahead

Over 20,000 people employed at the end of 2022, highlighting the remarkable **scale of our skills and resources globally**

Revenue (£m) / Gross invoiced income (£m)

+28.5% **6,470.5** | **+30.7%** **9,052.2**

Year	Revenue	Gross invoiced income
2022	6,470.5	9,052.2
2021	5,034.5	6,923.5
2020	5,441.3	
2019	5,052.8	
2018	4,352.6	

Profit before tax (£m)

+0.4%

249.0

Year	Value
2022	249.0
2021	248.0
2020	206.6
2019	141.0
2018	108.1

Adjusted[1] profit before tax (£m)

+3.2%

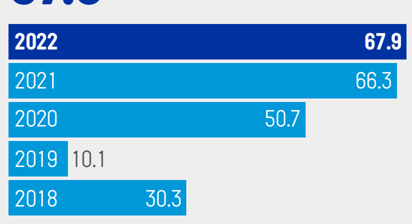
263.7

Year	Value
2022	263.7
2021	255.6
2020	200.5
2019	146.3
2018	118.2

Dividend per share (pence)

+2.4%

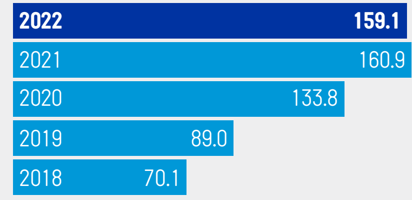
67.9



Diluted earnings per share (pence)

-1.1%

159.1



Adjusted[1] diluted earnings per share (pence)

+2.5%

169.7

Year	Value
2022	169.7
2021	165.6
2020	126.4
2019	92.5
2018	75.7

The metrics directly above represent the Group's financial key performance indicators. Following a recently approved interpretation of the revenue accounting standard by the International Accounting Standards Board, we, and a number of our peer value-added resellers, have changed the way we recognise revenues for standalone software and resold third-party services contracts and revised our accounting policies to reflect this change. Accordingly, we have restated our prior-year revenues down from £6,725.8 million as reported at 31 December 2021 to £5,034.5 million, as we have now determined that we are an agent for these transactions and will recognise revenue on a net basis, with only the gross profit on these types of deals, being the gross invoiced income less the costs of the resold software or third-party services, showing as revenue, with nothing recorded in cost of goods sold. This change has been applied from 2022 and, retrospectively, we have restated our prior-year 2021 revenues. The equivalent adjustment is not available for years prior to 2021 as it is not practicable to calculate. Further information on this change, including the retrospective restatement of the financial statements, and the revised accounting policy, is available in note 3 to the Consolidated Financial Statements. The result for the year benefited from £187.8 million of revenue (2021: £1.3 million), and £5.4 million of adjusted[1] profit before tax (2021: £0.4 million), resulting from all acquisitions made since 1 January 2021. All figures reported throughout this Annual Report and Accounts include the results of these acquired entities. The results of these acquisitions are excluded where narrative discussion refers to 'organic' growth in this Annual Report and Accounts.

1. Gross invoiced income, adjusted administrative expense, adjusted operating profit or loss, adjusted profit or loss before tax, adjusted tax, adjusted profit or loss, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items, including gains or losses on business acquisitions and disposals, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management does not consider these items when reviewing the underlying performance of the Segment or the Group as a whole. A reconciliation to adjusted measures is provided on page 59 of the Group Finance Director's review, which details the impact of exceptional and other adjusted items when compared to the non-Generally Accepted Accounting Practice (GAAP) financial measures, in addition to those reported in accordance with IFRS. Further detail is provided within note 4 to the Consolidated Financial Statements.
2. We evaluate the long-term performance and trends within our strategic priorities on a constant-currency basis. The performance of the Group and its overseas Segments are also shown, where indicated, in constant currency. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information gives valuable supplemental detail regarding our results of operations, consistent with how we evaluate our performance.

   We calculate constant currency percentages by converting our prior-year local currency financial results using the current year average exchange rates and comparing these recalculated amounts to our current year results or by presenting the results in the equivalent local currency amounts. Wherever the performance of the Group, or its overseas Segments, is presented in constant currency, or equivalent local currency amounts, the equivalent prior-year measure is also presented in the reported pound sterling equivalent, using the exchange rates prevailing at the time. 2022 highlights, as shown above, are provided in the reported pound sterling equivalent.
3. Adjusted net funds or adjusted net debt includes cash and cash equivalents, other short- or long-term borrowings and current asset investments. Following the adoption of IFRS 16, this measure excludes all lease liabilities. A table reconciling this measure, including the impact of lease liabilities, is provided within note 31 to the Consolidated Financial Statements.
4. Gross invoiced income is based on the value of invoices raised to customers, net of the impact of credit notes and excluding VAT and other sales taxes. This reflects the cash movements to assist Management and the users of the Annual Report and Accounts in understanding revenue growth on a 'principal' basis and to assist in their assessment of working capital movements in the Consolidated Balance Sheet and Consolidated Cash Flow Statement. This measure allows an alternative view of growth in adjusted gross profit, based on the product mix differences and the accounting treatment thereon. Gross invoiced income includes all items recognised on an 'agency' basis within revenue, on a gross income billed to customers basis, as adjusted for deferred and accrued revenue. A reconciliation of revenue to gross invoiced income is provided within note 4 to the Consolidated Financial Statements.

The term Group refers to Computacenter plc and its subsidiaries.

Our Purpose

HELPING OUR CUSTOMERS CHANGE THE WORLD

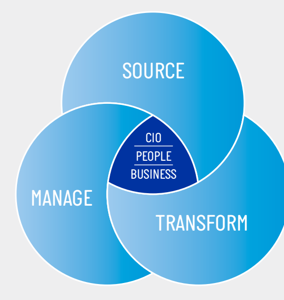
Our Purpose is helping our customers change the world. To support this, we build long-term trust with our customers, our people, our partners, our communities and our shareholders.

Our customers are some of the world's greatest organisations, in both the corporate and public sectors. They make world-changing decisions and investments, and while we do not change the world ourselves, we enable success for our customers so that they can realise the transformative benefits of information technology for their organisations, people, and the world. We work hard to get to know our customers, understand their needs and put them at the heart of everything we do.

Our Ambitions

- **Our customers will strongly recommend us for the way we help them achieve their goals.**
- **We'll be the preferred route to market for technology vendors, who can rely on our reach and scale.**
- **People will want to join us, stay with us, and grow with us.**
- **We'll be a trusted, agile and innovative provider of technology and services across the world.**

Who we are and what we do



We are a leading independent technology and services provider, trusted by large corporate and public sector organisations. We are a responsible business that believes in winning together for our people and our planet.

We help our customers to Source, Transform and Manage their technology infrastructure to deliver digital transformation, enabling people and their business.

Strategic Priorities

CUSTOMER RELATIONSHIPS

Retain and maximise the relationships with our large corporate and public sector customers over the long term.

CUSTOMER VALUE

Build unrivalled value for our target market customers by combining our service and product capabilities.

SERVICES GROWTH

Lead with and grow our Services.

PRODUCTIVITY

Improve our productivity and enhance our competitiveness by leveraging our scale and building efficiencies.

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UNWAVERING IN OUR FOCUS

During 2022, we announced one particularly significant piece of news – the planned retirement of our long-term Group Finance Director, Tony Conophy. Tony has been instrumental in establishing Computacenter as a successful listed company. His passion, commitment and expertise have made a lasting contribution to Computacenter's performance and culture. We thank him for his incredible service and wish him a long and happy retirement when he leaves the business early in the second half of 2023.

2022 was another year of good progress for Computacenter. This was achieved without the additional Covid-related volume and associated cost reductions that we saw in 2021 and, in the context of unpredictable economic conditions in our major markets, this made the performance of our team even more commendable.

Rising interest rates, rising inflation and significant supply chain shortages have placed the emphasis onP strong, pragmatic execution to deliver our results. We are particularly pleased with the performance of our business in Germany and the continued progress of our enlarged United States presence.

Financial performance and dividend

Revenue for the full year increased by 28.5 per cent to £6,470.5 million (2021: £5,034.5 million). Gross invoiced income grew by 30.7 per cent to £9,052.2 million (2021: £6,923.5 million). The Group generated adjusted[1] profit before tax of £263.7 million (2021: £255.6 million), and adjusted[1] diluted EPS of 169.7 pence (2021: 165.6 pence). On a reported basis, the Group saw profit before tax of £249.0 million (2021: £248.0 million) and diluted EPS of 159.1 pence (2021: 160.9 pence).

We are proposing a final dividend of 45.8 pence per share. If approved by shareholders at Computacenter's 2023 Annual General Meeting, this will bring the full-year dividend for 2022 to 67.9 pence per share. This represents an increase of 2.4 per cent over that paid for 2021, and remains in line with our stated long-term dividend policy of paying a dividend that is covered between 2.0 and 2.5 times by adjusted[1] diluted EPS.

The Group's cash position finished strongly at the end of the year, with adjusted net funds[3] of £244.3 million as at 31 December 2022 (2021: £241.4 million). The Board continues to review our approach to capital allocation, so that it ensures balance sheet efficiency and appropriate returns for shareholders. Our use of cash continues to prioritise organic growth, the development of our business, and merger and acquisitions activity which aligns with our strategy, such as the acquisition of Business IT Source in the United States. Where available opportunities to invest in this way are limited, the Board will consider returning value to shareholders.

The Board in 2022

During 2022, there was one change to the Board, as Rene Haas decided to step down. We thank him for his commitment and contribution during his tenure.

We announced as his successor René Carayol, who brings a wealth of relevant experience and will be a valuable addition to our team.

As previously mentioned, we also announced the planned retirement of Tony Conophy, during 2023, as Group Finance Director. We followed a robust process to identify his successor, assisted by an external search firm. This produced an impressive and diverse list of internal and external candidates, and we were delighted to announce that Christian Jehle will be appointed as Chief Financial Officer (CFO) when he joins the Company in June 2023.

Following René's appointment, half of the Board (excluding the Chair) remain as Independent Non-Executive Directors. We have just over 33 per cent female representation on the Board. New Listing Rules have now been introduced relating to Board diversity, which will be effective for our reporting in 2023. The Nomination Committee will consider these as part of its Board succession planning discussions during the year.

Environmental, Social and Governance

The Board has continued its focus on sustainability, diversity and inclusion, and ensuring our governance practices evolve. These subjects are regarded as very important by both the Board and the people across Computacenter. You will find considerable detail on our approach to sustainability (pages 38-57). Our approach to Environmental, Social and Governance (ESG) matters reflects our Winning Together Values and supports the achievement of Our Purpose, in helping our customers change the world.

In terms of concrete commitments and results, we were carbon neutral in 2022 for Scope 1 and 2 emissions, which include all our direct emissions, such as our facilities, and some of our indirect emissions, such as electricity purchased. We remain committed to our target to be Net Zero for Scope 1, 2 and 3 emissions by 2040. Scope 3 emissions include all other indirect emissions, including our business travel and transportation, as well as those from sources that we do not own or directly control, including our supply chain.

> We are grateful to our long-term Group Finance Director, Tony Conophy, for his period of incredible service, and the lasting contribution he has made to Computacenter's performance and culture during his time with the organisation.
>
> **Peter Ryan**
> Chair

The year ahead

We are resolute in our focus on continuing to strengthen and grow Computacenter, to enable the success of all our stakeholders. I thank them all for their continued trust and support.

The impact of the global Covid pandemic now appears to be broadly under control and should not impact our business in 2023.

The fundamental demand drivers for our business continue to look strong as we enter 2023. We do recognise, however, that the prevailing economic conditions in our main markets mean that we will need to continue to execute strongly, as corporate and public sector organisations focus on controlling costs. However, they continue to invest in their digital transformations and this, alongside the confidence we have in our people and investments, makes us believe that 2023 will be another year of continued progress.

Peter Ryan
Chair
6 April 2023

HELPING OUR CUSTOMERS CHANGE THE WORLD

We continue to be guided by our values as an organisation, and therefore remain resolutely focused on achieving success over the long term.

Mike Norris
Chief Executive Officer

Following a very strong fourth quarter, 2022 has proven to be a good year for Computacenter. The Group achieved an 18th consecutive year of adjusted[1] diluted earnings per share growth. Whilst the in-year performance was helped by the currency impact of a strong US dollar, and a small acquisition in the United States in the second half of the year, this assistance was far outweighed by significant headwinds faced by the business, as the Group and its stakeholders started to move towards business as usual and away from practices adopted to reflect Covid-related restrictions.

The headwinds faced were as a result of two main factors, which were both Covid-related. During the pandemic, Computacenter experienced high availability and high utilisation of our Services personnel, creating unsustainably high Services margins. By the fourth quarter of 2022, Services margins were broadly in line with pre-Covid levels. However, the ongoing impact of inflation, which looks set to continue in the short term within a number of our core countries, and particularly in Europe, will make it challenging to maintain these at their current level through this year. Additionally, we saw costs return which had declined during the pandemic, such as those related to travel. Given these factors, we are satisfied with the performance in 2022, which represented continued progress after two outstanding years in 2020 and 2021.

We continue to operate in accordance with our values, and therefore remain focused on our long-term success. In 2023, we will embark on incremental investment in two areas which have already seen sustained and consistent investment by the Group. Staying ahead of the increasingly challenging cyber security threat landscape remains a key focus. We will continue and step up our investment in the scaling and sophistication of our global security capabilities, to protect our customers, systems and services. The Group also has an ambitious investment programme to enhance our competitive position and sustain our long-term performance. We have started a programme of significant IT upgrades and enhancements to our customer-facing systems, our core processes, and our sales enablement. Whilst the programme started in the middle of 2022, this investment will be made over a multi-year period and should help to provide a platform for future growth. We also continue to invest to spread our business geographically, increase our productivity and broaden the range and quality of offering we deliver for our customers.

Whilst we place our customers at the heart of everything we do, Computacenter is a people business. We are a highly commercial, performance-driven company. A hallmark of our progress over the last 40 years has been our ability to deal with the unexpected, and to turn challenge into opportunity. You cannot do this without great people. I take this opportunity to thank them, not just for their continued hard work in 2022, but for the way that they dealt with all the challenges that Covid-19 brought, and especially the way in which they continued to deliver for our customers during that time.

The Group continues to invest in growing its employee base, particularly in technical skills, and our attrition rate remains comparatively low within our sector. Across the Group, Computacenter recruited approximately 4,500 new people in 2022, bringing our total number of employees at the end of the year to just over 20,000. A particular focus in this area has been growing our offshore operations in India where, encouragingly, we have found significant availability of high-end skills to meet our customers' demands around Services delivery. At the end of 2022, the number of our employees in India had grown to over 1,100 people.

Indeed, across Managed Services, regardless of geographical location, size or type of business, our customers continue to demand innovation that reduces their cost base and enhances the experience of their users. We remain convinced that this challenge must be addressed through the development and increasing sophistication of our systems and automation, and also through offshoring.

We have also seen demand for technology from large corporate and public sector organisations remain buoyant. This has delivered significant growth in our Technology Sourcing business. Whilst margins remain robust in all other geographies, the outstanding growth in volumes with a certain North American hyperscaler, at lower-than-average Group margins, has lowered the North American, and Group, Technology Sourcing margin rates overall. The IT industry supply chain shortages experienced in 2021 continued through the first three quarters of the year, impacting the Group's levels of inventory, use of working capital, and cash position. Whilst significant delays remain with networking products, the shortages eased materially as the year has unfolded. The amount of inventory that we are carrying for our customers remains significant but has started to reduce as supply becomes more plentiful.

This issue has meant that we have not generated the level of cash we have come to expect. However, the improvement made in the last three months of the year is clear evidence that we are now trending in the right direction again, and we are expecting a significant strengthening of our balance sheet in the months ahead.

You will find as you read about our Financial and Operating Performance that this varied somewhat across our core countries. Our German business had another year of excellent growth, and remains the most profitable in the Group, with a particularly successful Professional Services business. The UK business had a challenging year, which was slightly disappointing, albeit understandable given that it had benefited most from pandemic-related business practices, when compared with the rest of the Group. UK Government spend was particularly low during 2022. In France, performance was again held back by the integration of our acquisition made in late 2020. However, the performance of our traditional core business was encouraging, and we hope to see continued improvement there in 2023. Our Belgian business had another successful year, and we continued to make progress in the Netherlands. Our Swiss business had a difficult 12 months.

Our North American business continued to make significant progress in 2022, building on that in recent years. We continue to focus on organic growth and integrating the acquisitions we have made. We will continue to look for further opportunities to grow and, in the event that we identify acquisition targets which are strategically and culturally aligned to our business, we will consider these.

As many of you will already know, during the year we undertook a search to replace Tony Conophy, our long-term Group Finance Director, who will be retiring in 2023. This search has now completed successfully, and I am pleased that Christian Jehle will join the Company in June 2023 as Chief Financial Officer. Let me take this opportunity to thank Tony for his commitment to Computacenter, and his unwavering support for me personally, over the past 28 years. We wish him all the very best for his upcoming retirement.

We have made a number of other executive management changes throughout 2022 and into the early part of 2023. These include new country leadership in North America, France and the United Kingdom, as we strengthen our team to maximise our ability to capitalise on the investments we are making in our customer service offerings.

At Computacenter, we are fortunate to have a customer base which includes some of the most highly regarded corporate and public sector organisations in the world. We thank them for their faith in our Group. Our Purpose is helping our customers to change the world. We look forward to the rest of 2023 with confidence that our culture, people and investments will enable us to do so.

Mike Norris
Chief Executive Officer
6 April 2023

Financial strength and stability

- **Listed company since 1998, UK FTSE 250**
- **Robust balance sheet with a history of positive adjusted net funds[3]**
- **One of the world's largest value-added resellers (VARs) of information technology (IT)**
- **A leading international IT services business**

Gross invoiced income (£m)	Services revenue (£m)	Adjusted net funds[3] (£m)	Return on Capital Employed (Four-year average)
9,052.2	1,570.6	244.3	46.1%

Financial track record

- **Long-term track record of revenue and profit growth**
- **Highly cash generative**

	2018	2019	2020	2021	2022	2022 vs 2021
Gross invoiced income (£m)	4,352.6	5,052.8	5,441.3	6,923.5	**9,052.2**	30.7%
Revenue (£m)*				5,034.5	**6,470.5**	28.5%
Adjusted[1] profit before tax (£m)	118.2	146.3	200.5	255.6	**263.7**	3.2%
Profit before tax (£m)	108.1	141.0	206.6	248.0	**249.0**	0.4%
Adjusted[1] diluted EPS (pence)	75.7	92.5	126.4	165.6	**169.7**	2.5%
Diluted EPS (pence)	70.1	89.0	133.8	160.9	**159.1**	(1.1%)
Dividend per share (pence)	30.3	10.1	50.7	66.3	**67.9**	2.4%
Services revenue (£m)	1,175.0	1,230.6	1,261.2	1,450.9	**1,570.6**	8.3%
Operating cash flow (£m)	115.2	198.3	236.9	224.3	**242.1**	7.9%
Return on Capital Employed	31.1%	42.6%	46.7%	52.2%	**42.9%**	(9.3 pts)

Four-year annual compound growth rate

Adjusted[1] profit before tax	Adjusted[1] diluted EPS	Dividend per share	Services revenue
22.2%	22.4%	22.4%	7.5%

* Following a recently approved interpretation of the revenue accounting standard by the International Accounting Standards Board, we, and a number of our peer value-added resellers, have changed the way we recognise revenues for standalone software and resold third-party services contracts and revised our accounting policies to reflect this change. This change has been applied from 2022 and, retrospectively, we have restated our prior-year 2021 revenues. The equivalent adjustment is not available for years prior to 2021 as it is not practicable to calculate. Further information on this change, including the retrospective restatement of the financial statements, and the revised accounting policy, is available in note 3 to the Consolidated Financial Statements.

Our Winning Together Values

These are the values on which we built this Company and they are the values on which we will continue to grow Computacenter.

We win by

Putting customers first
We work hard to get to know our customers, understand their needs and put them at the heart of everything we do. This lets us use our skills and experience to help them in the right way at the right time.

Keeping promises
We're straightforward, open and honest in all of our dealings. We're pragmatic and do our very best to keep our promises. When that's difficult, we help our customers find other ways to solve their problems.

We do it together by

Understanding people matter
We're committed to being diverse and inclusive. We build supportive, rewarding relationships and celebrate success. We're proud of the people we work with and we treat people as we expect them to treat us.

Considering the long term
We're building a sustainable and efficient business for the long term. This leads our decisions and actions and helps people trust us.

Our Purpose

HELPING OUR CUSTOMERS CHANGE THE WORLD

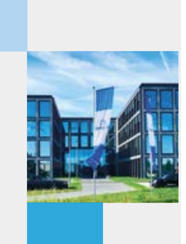
Our customers are some of the world's greatest organisations. We work hard to get to know them, understand their needs and put them at the heart of everything we do. We work relentlessly to build their long-term trust, so they can rely on us in a complex and ever-changing world.

Our business model is based on enabling success by building long-term trust with our customers, our people, our partners, our communities and our shareholders. In doing so, we leverage our long-term investment in our infrastructure and physical assets and place great confidence in the depth of our skills and knowledge of our teams.

Our story

1 What we've built

We are proud of what we've achieved



- We have earned the trust of some of the world's greatest organisations.
- We have built powerful partnerships with the world's leading technology vendors.
- We are a responsible business that has grown in capability, reach and reputation.
- Together, we have created a can-do culture where people matter and are encouraged to thrive.

2 Our programmes of change

But we must be even better

- We must work relentlessly for and with our customers so that we win, grow and succeed together.
- We must drive greater efficiency in how we work, and leverage our scale to benefit customers.
- We must execute with pace by empowering our people to meet customer needs faster.
- We must uphold consistently high standards, so that our customers can always trust and rely on us.

3 Our strategic priorities

By being focused and confident in what we do

- We retain and maximise the relationships with our large corporate and public sector customers over the long term.
- We build unrivalled value for our target market customers by combining our service and product capabilities.
- We lead with and grow our Services.
- We improve our productivity and enhance our competitiveness by leveraging our scale and building efficiencies.

4 Winning Together

And staying true to our values and principles

- We win by putting customers first and keeping our promises.
- We do it together by understanding that people matter and considering the long term.
- We believe in delivering positive social impact with a focus on our people.
- We take a responsible approach across our operations, including our environmental impact.

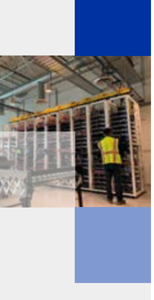
5 How we help customers

Enabling success by building long-term trust

- We always seek to understand what success means for our customers.
- We harness our independence, experience and scale.
- We adapt to meet the specific needs of each customer.
- Our customers can rely on us in a complex and ever-changing world.

6 Our Purpose and Ambitions

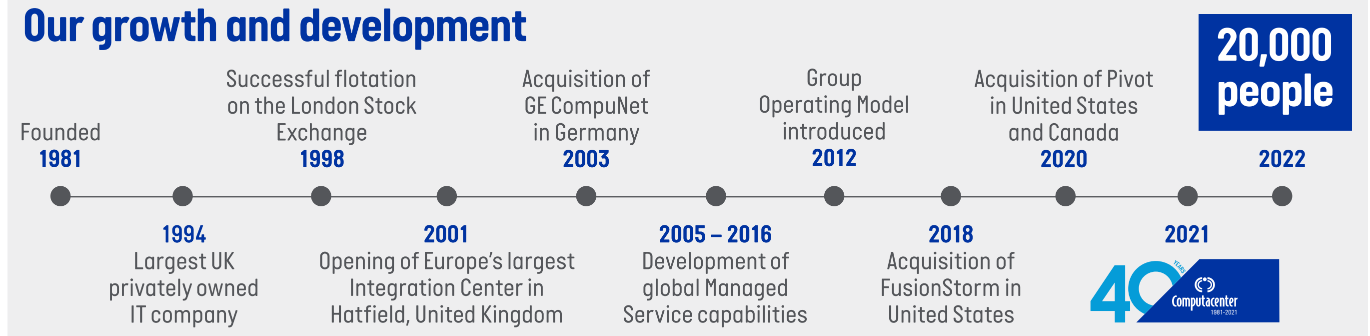
Helping our customers change the world



- Our customers will strongly recommend us for the way we help them achieve their goals.
- We will be the preferred route to market for technology vendors, who can rely on our reach and scale.
- People will want to join us, stay with us, and grow with us.
- We will be a trusted, agile and innovative provider of technology and services across the world.

Who we are continued

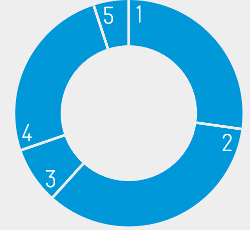
Our growth and development



Diversified across markets and technology areas

We have a strong presence across the largest IT markets in Europe and North America.

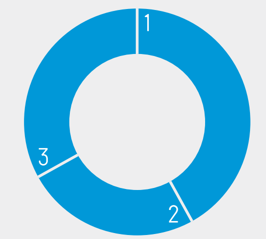
Gross profit by Segments



1. United Kingdom: **27.4%**
2. Germany: **34.3%**
3. France: **8.1%**
4. North America: **25.2%**
5. International: **5.0%**

We have strength in multiple key technology areas.

Technology Sourcing gross invoiced income by technology area



1. Workplace: **42%**
2. Apps, Cloud & Data Center: **25%**
3. Networking & Security: **33%**

Market-leading international coverage

We have what we believe to be the best international capability of any VAR in the world.
This allows us to help customers to deploy and support IT standards consistently worldwide.

We Source, Transform and Manage technology for our customers in over 70 countries worldwide

We sell to customers in eight countries

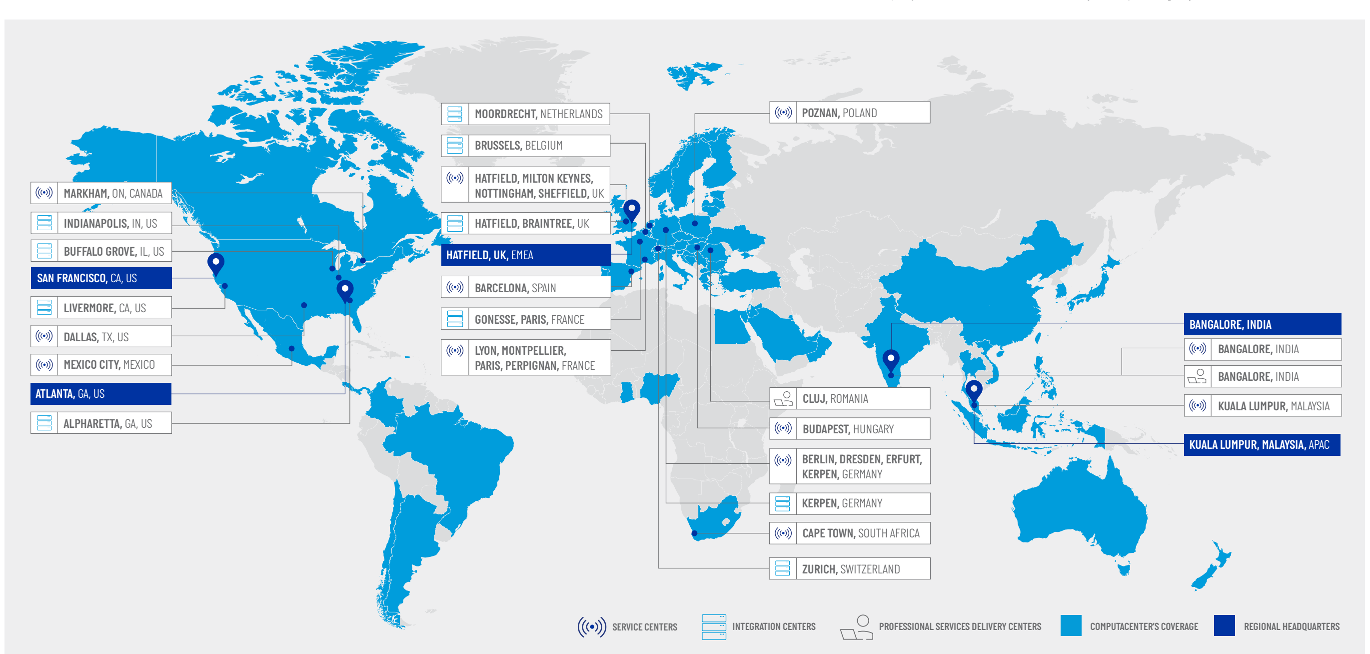
Belgium | Canada | France
Germany | Netherlands
Switzerland | United Kingdom
United States

We have nearshore and offshore operations in another eight countries

Hungary | India | Malaysia
Mexico | Poland | Romania
South Africa | Spain

We have support operations in another seven countries/ territories

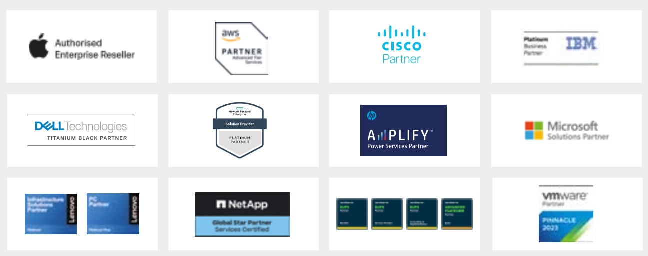
Australia | Brazil | China
Hong Kong (SAR) | Ireland
Japan | Singapore



Powerful partnerships

We have built powerful partnerships with the world's leading technology vendors, who can rely on our reach and scale. We are among the top five partners in EMEA for most of the major technology vendors and are increasingly recognised for our achievements at a global level. Despite only recently entering the large United States market, we are already among the top five partners globally for many of the major technology vendors.

The increasing pace of technological change and the diversity of the technology landscape has made our technology vendor independence more critical to our customers. We are trusted to provide impartial and knowledgeable advice and to integrate solutions comprising products from multiple technology vendors.



Market-leading scale infrastructure

We have invested over many years to build market-leading scale infrastructure, to meet the demanding requirements of our customers. We continue to invest for the long term.

Facilities

Our Integration Centers are among the largest and most capable in each of our markets, providing customers with the capability to deploy technology at scale. Our international Service Centers provide support for our customers' IT infrastructure and users 24 hours a day, seven days a week. They can operate independently or as a group, to provide both capability and resilience as part of our Services business.

Systems

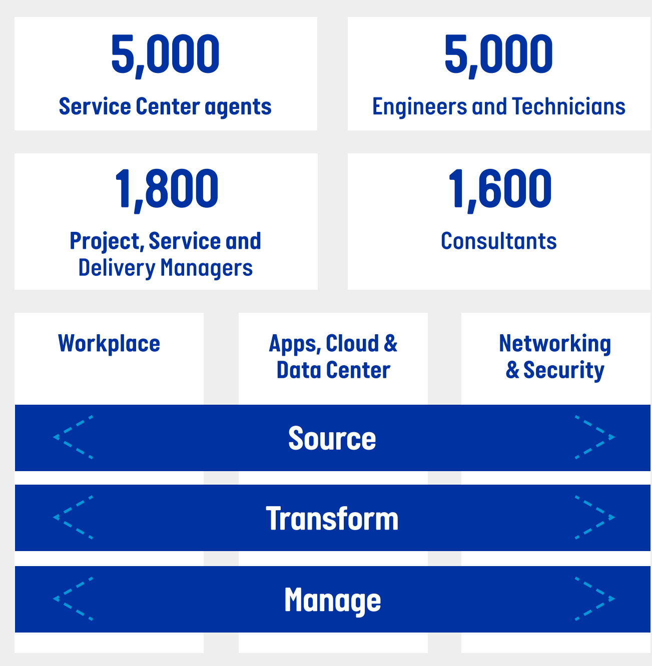
The systems underpinning our operations provide flexibility for our customers. They have to be secure to protect both us and our customers, while supporting us to meet service level agreements through automation and innovation. We continue to invest in improving our platforms to provide improved customer service, efficiency and innovation, using technology from SAP, Salesforce and ServiceNow.

Standards and certifications
ISO 20000-1, ISO 27001, ISO 14001, ISO 45001, ISO 9001

Services breadth and scale

We have the largest service capability of any value-added reseller in the world, with 13,400 billable people helping our customers. This allows us to support our customers to transform and manage their digital technology at scale, in addition to our Technology Sourcing activities. Additionally, our Services scale provides our business with better resilience, as well as access to broader growth opportunities.

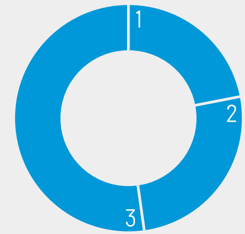
The breadth and depth of our technology vendor partnerships allows us to help our customers navigate the complexity and speed of change in the current market. Our expertise in our technology vendors' solutions is significant, with our people holding more than 12,000 technical certifications.



Customer focus and longevity

Our focus is to build long-term relationships with our customers in our target market of the largest corporate and public sector organisations. We earn incredible long-term customer loyalty, which underpins our growth and development, while investing in building value to win new customers. Of our 187 customers with greater than £1 million gross profit in 2022, 48 per cent have provided above this level of gross profit for five years or more.

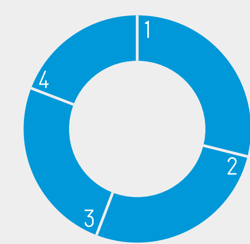
Customer longevity – based on customers with greater than £1 million of gross profit in 2022



1. Over 10 years: **41 (22%)**
2. 5 years – 10 years: **49 (26%)**
3. Under 5 years: **97 (52%)**

Our focus on the largest organisations in each of our markets gives us a diversified and high-quality corporate and public sector customer base, making the Group more resilient.

Total gross invoiced income by customer sector – based on customers with greater than £1 million of gross profit in 2022



1. Industrial, retail and consumer: **29%**
2. Public sector, education and healthcare: **27%**
3. Financial services, banking, insurance and professional services: **25%**
4. Telecoms, media and technology: **19%**

OUR CUSTOMERS

Our Purpose is helping our customers change the world.

Our customers are some of the world's greatest organisations. We work hard to get to know them, understand their needs and put them at the heart of everything we do. We work relentlessly to build their long-term trust so that they can rely on us in a complex and ever-changing world.

This selection of stories is from customers within our target market of the largest corporate and public sector organisations. They illustrate the significant trust that our customers place in Computacenter and the skills and experience of our people.

Computacenter always provides fast and efficient support to all our members, in order to offer them virtualisation solutions adapted to their critical environments.

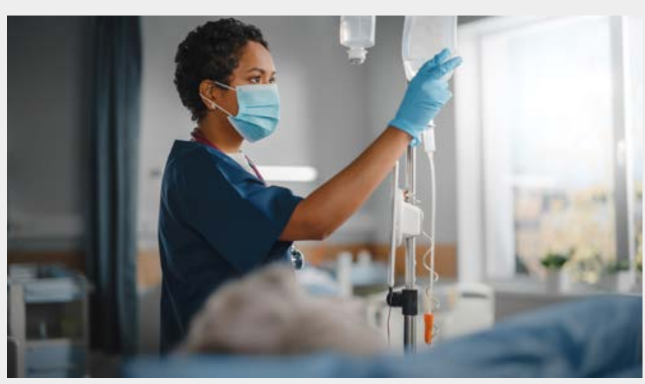
Hervé GRANDJEAN
C.A.I.H

Computacenter have been our technology partner for so long, they now feel like an extension of our team. They have always provided a consistent level of expertise, service and attention as our company has quickly scaled over the years.

Doug Zeman
Personalis

We have a massive agenda around Digital, and therefore it is essential that we have really strong strategic partnerships and strategic relationships.

Vikki Lewis
Worcestershire Acute Hospitals NHS Trust



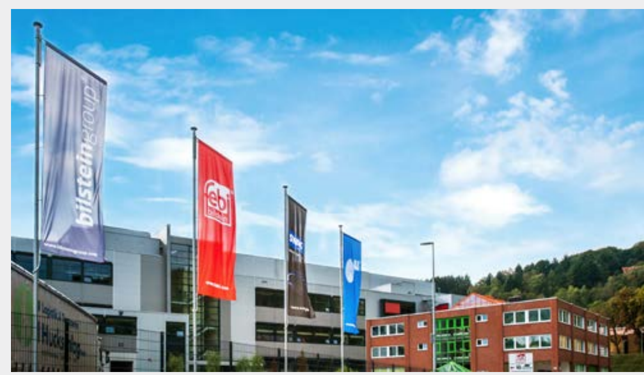
The long-standing partnership with Computacenter and the familiarity of its team have led to a considerable increase in efficiency in our telephony project. Very well trained and experienced experts were engaged on both sides. It is helpful to have people on both sides who understand each other.

Thorsten Traupe, Sennheiser

We are pleased with our cooperation with Computacenter and the solution offers even more capacity for data growth or other database systems than we originally assumed.

Andreas Biesenbach
Ferdinand Bilstein GmbH + Co. KG

bilsteingroup®



As a business, we have not flinched or shied away, and have moved mountains to keep our services going. Our response is publicly acknowledged as being phenomenal and DWP Digital has played a major part.

Kenny Robertson
DWP Digital

Thank you to Computacenter for its unwavering and professional support over many years to all Caisse des Dépôts teams, in the service of the French public interest!

Philippe Jeanneau
CDC Informatique

CDC INFORMATIQUE

We already achieved employee satisfaction of 98 per cent in the proof of concept, which is a result of our cooperation with Computacenter and makes us all very optimistic.

Stefan Wöhlken
TELCAT MULTICOM

Computacenter has created a highly dynamic working environment, which is flexible and agile in the meeting rooms and workplaces. In addition to the design concept, Computacenter took care of the delivery, set-up and support for the media equipment, to our absolute satisfaction.

Steffen Löber, GASAG AG

Computacenter partnered with us to implement our digital asset management system. They were able to identify some of the challenges that we had not foreseen and were flexible in helping us implement some adjustments to our processes.

Sylvain Belanger
Library and Archives Canada

Library and Archives Canada
Bibliothèque et Archives Canada

OUR PEOPLE

Our business is about technology. But first of all, it's about people.

We are a service company and our customers depend on us to underpin their own businesses. We could not be effective without the extraordinary commitment and hard work of our people. We now employ over 20,000 people across 23 countries. Together, we've created a 'can-do' culture where people matter and are encouraged to thrive. We work hard to maintain our culture and to attract, develop and reward talent.

Our global recognition platform, 'Bravo!' allows our people from across the business to say 'thank you' and recognise each other for their contribution to our customers, our business and to each other. In mid-2021, we launched our 'Bravo Stars' programme which allows people to nominate their peers for bronze and silver awards which carry a higher number of Bravo! points. During 2022 we issued 168 bronze awards and 211 silver awards, across 13 countries. From the silver award winners, 29 people were further nominated for a gold award. Our global panel assessed all nominations and voted for our 16 final winners. Here are a few of our gold award winners and what they were recognised for.

Although Linda's role is internally facing, she stepped up when our healthcare customer needed support. Through careful engagement she made sure she understood the project vision, mission and value proposition, and produced the all-important branding, designs and messaging for a new hub for technology innovators, to enhance how care is delivered long term.

Linda Massey
Senior Graphic Designer, United Kingdom

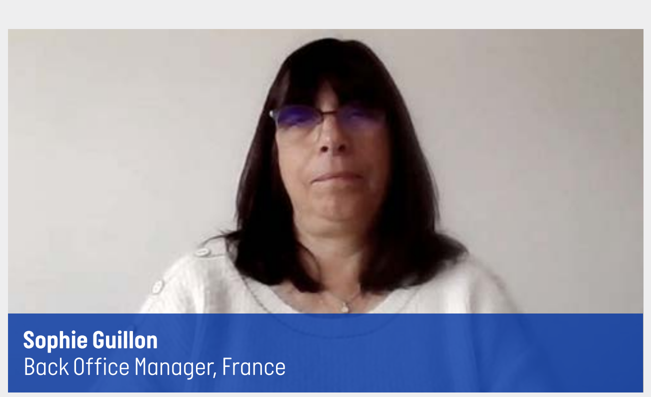
During the depths of the pandemic, Phil put our customer first. When others were working from home, he stayed in hotels to be close to the customer's site. Through his diligence, he ensured our customer received excellent service, so their users could carry on working productively.

Phil Jones
Senior Project Manager, United Kingdom

Srinath was instrumental in setting up our Windows patching team in India and building links with our global team. He has found ways to dramatically speed up and broaden the team's work, and with his strong sense of ownership and constant searching for ways to outperform, he always delivers to the highest quality.

Srinath Velma
Associate Manager, India

Sophie has played a fundamental role in integrating the CCNS acquisition into Computacenter France, while still performing her day-to-day role. Her outstanding impact, communication, performance and empathy, and her dedication to her team and the wider organisation, helped make the project a success.



Sophie Guillon
Back Office Manager, France

Delphine has demonstrated our value of putting customers first. She showed great dedication in managing a new customer, as well as her regular customer portfolio. Her perseverance helped us develop a strong customer relationship and grow our business with them.

Delphine Henno
Senior Customer Executive, France

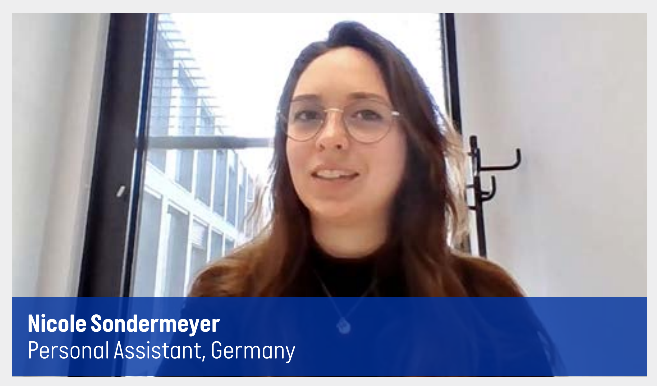
When two of his three team members changed, Asghar kept the Computacenter flag flying by ensuring the customer continued to receive a high-quality service, taking on all the high-skill, planning and organisational issues and even postponing his holiday, while his new colleagues successfully bedded in to the team.

Asghar Shabani
System Engineer, Germany

Richard is a highly respected member of the team, who has gone well beyond his core role to support a customer with a complex and sensitive issue. In the process, he has become a trusted advisor and demonstrated his commitment to putting the customer first.

Richard Ibbotson
Consultant, United Kingdom

Nicole's extraordinary performance helped to keep people safe at the peak of the pandemic. New rules meant around 3,000 people entering our workplaces had to be checked daily for Covid symptoms. While still doing her regular job, Nicole and her team rapidly organised and managed this, complying with the law, keeping our business running and protecting people from illness.



Nicole Sondermeyer
Personal Assistant, Germany

Helen went above and beyond in supporting the United States business through its ERP programme. While away from home for long periods, she demonstrated our Winning Together Values throughout, working hard to minimise customer impact while educating our teams, to ensure she left a positive legacy.

Helen Richardson
Operations Manager, United Kingdom

When our customer had an urgent need, Jonathan came through. While handling his regular shifts, he showed flexibility outside of his regular working hours to relocate the customer's equipment, to meet time-critical deliverables. Jonathan's positive attitude and focus on quality mean we remain a trusted provider and the customer's senior executives recognised his success.

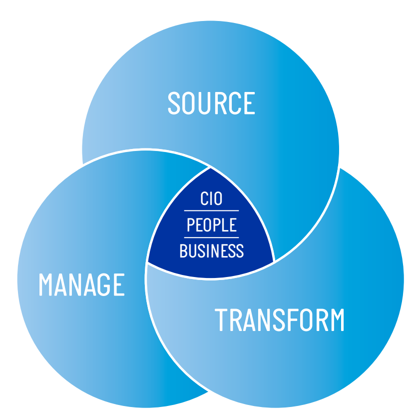
Jonathan Murphy
Senior Customer Engineer, United States

Our integrated business portfolio

Computacenter's strategy is centred on the specific needs of our target market of the largest corporate and public sector organisations in each of the eight countries in which we sell. Our focus is to build long-term relationships which earn customer loyalty and underpin our growth and development, while investing in building value to deepen existing customer relationships and develop new ones. We help our customers to Source, Transform and Manage their technology infrastructure to deliver digital transformation, enabling people and their business.

Computacenter has an integrated offering, which provides three complementary entry points for our customers, helping us to achieve sustained long-term growth. The three parts of our portfolio are: Technology Sourcing (Source), Professional Services (Transform) and Managed Services (Manage). We are unusual in the market in building strength in depth across all three parts of the portfolio.

We gain new customers through Technology Sourcing, Professional Services and Managed Services individually. However, we have greater longevity in customer relationships when we work across all three parts of the portfolio.



Source

Technology Sourcing

We help our customers to determine their technology needs and, supported by our technology vendors, we arrange the commercial structures, integration and supply chain services to meet them reliably. We earn revenue from large contracts, with thinner margins and lower visibility.

Gross invoiced income (£m) **+36.7%**

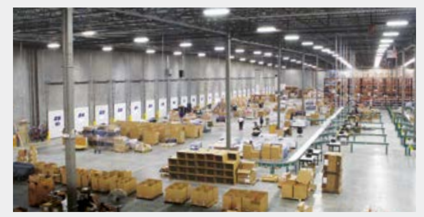
7,481.6

Year	Gross invoiced income (£m)
2022	**7,481.6**
2021	5,472.6
2020	4,180.1
2019	3,822.2
2018	3,177.6

Revenue (£m) **+36.7%**

4,899.9

Year	Revenue (£m)
2022	**4,899.9**
2021	3,583.6



Transform

Professional Services

We provide structured solutions and expert resources to help our customers to select, deploy and integrate digital technology, to achieve their business goals. Our revenue depends on our forward order book, which contains a multitude of short-, medium- and long-term projects.

Revenue (£m) **+15.2%**

636.6

Year	Revenue (£m)
2022	**636.6**
2021	552.4
2020	425.4
2019	366.1
2018	321.9

Manage

Managed Services

We maintain and manage user support and digital operations for our customers, to improve quality and flexibility while reducing costs. Our revenue under contract has high visibility and is long term and stable.

Revenue (£m) **+4.0%**

934.0

Year	Revenue (£m)
2022	**934.0**
2021	898.5
2020	835.8
2019	864.5
2018	853.1

Our Integration Centers

Alpharetta, Georgia

Braintree, United Kingdom

Buffalo Grove, Illinois

Gonesse, France

Hatfield, United Kingdom

Kerpen, Germany

Livermore, California

Moordrecht, Netherlands

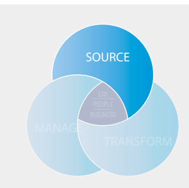
Technology Sourcing

Technology Sourcing is our traditional core business and we continue to see it as both fundamental to our customers and a significant growth driver. We help our customers to determine their technology needs and, supported by our technology vendors, we provide the commercial structures, configuration and supply chain services to meet these needs reliably. We earn revenue from large contracts, with thinner margins and lower visibility than for Services, but with amazing customer loyalty, which we earn through reliability, agility and scale.

We provide our customers with huge flexibility, adapting our processes to fit their quotation, order management, shipment, receipt and documentation requirements, which are often very specific. This flexibility comes from our significant long-term investment in our people, systems and Integration Centers. Our Technology Sourcing services range from pre-configuration of all types of technology to end-of-use management. Our customers value our ability to support them across the entire hardware and software lifecycle, and to act as a partner who can deliver at scale and, increasingly, globally.

2022 highlights include:

- **Expansion of our Integration Center in Kerpen, Germany, by a further 20,000m^2 to increase Germany capacity to 49,000m^2 and support our growth.**
- **Building commenced on a new 2,300m^2 Integration Center in Moordrecht, Netherlands, to replace our existing facility nearby.**
- **Expansion of our capacity in the United States with a new 6,800m^2 Integration Center near Indianapolis, Indiana, close to key Mid-West customers and a larger facility in Washington State.**
- **Continued work with technology vendors to minimise the impact of supply chain shortages for our customers. The issues have led to increased inventory but we have seen the number of issues reduce and expect substantial easing by the end of 2023.**
- **Deployed the first phase of new generation Salesforce Configure Price Quote (CPQ) systems which will, over time, enable all our customer-facing Technology Sourcing teams globally.**
- **Development of Rapid Data Center Deployment solution underpinned by our Hyperscale Cloud Automation Platform (HCAP), allowing customers to deploy data center racks with greater consistency and transparency.**
- **VMware Partner Industry Award, EMEA.**
- **Hewlett Packard Enterprise Partner of the Year, United States.**
- **Fourteen awards from Cisco across every Computacenter Country Unit.**
- **Microsoft Worldwide Surface Customer Obsessed Partner of the Year.**
- **NetApp Data Center Transformation Partner of the Year, Germany.**
- **Grew to become one of Dell Technologies' largest partners worldwide.**



Procurement and logistical services

Configuration, lifecycle and circular services

12 million items supplied

1.5 million items configured in our Integration Centers

3,000 technology vendors

Our Professional Services Delivery Centers

Cluj, Romania

Bangalore, India

Professional Services

We provide structured solutions and expert resources to help our customers select, deploy and integrate technology, so they can achieve their business goals. Our revenue depends on our forward order book, which contains a multitude of short-, medium- and long-term projects.

As the technology landscape has become more complex, our 1,600 consultants play an increasingly important role in advising our customers. Our Professional Services and Technology Sourcing businesses have always been linked and we see this increasing, as our customers need our help to make wise choices in the complex technology landscape and to then deploy and integrate these technologies.

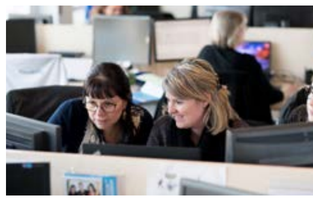
Our Professional Services revenue also reflects some of our 5,000 engineers and 750 project managers, who are charged as part of customer integration and deployment projects. These engagements range from workplace rollouts to complex network and data center solution integrations.

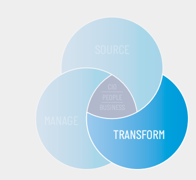
Our Professional Services business continues to be a major source of Services growth, as customers look to us for help to deploy new digital technology.

2022 highlights include:

- **Deployed the first phase of our new Resource Request Transformation system, which will provide our teams with a global view of Professional Services resource, skills and availability, allowing us to engage the right skills at the right time more efficiently.**
- **Started development of our new Professional Services framework, Technique, which will provide a standard best-practice approach to underpin our various Professional Services activities and improve predictability and competitiveness for our customers.**
- **Grew our offshore Professional Services Delivery Center in Bangalore, India, to over 100 consultants, engineers and project managers, covering workplace, networking and cloud services.**
- **Grew our nearshore Professional Services Delivery Center in Cluj, Romania, to over 100 people, providing application development and cloud transformation services.**

Our people

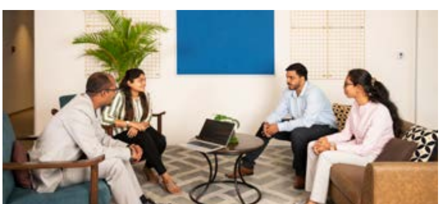




IT strategy and advisory services

Integration, deployment and support services

1.4 million+	6.5 million	1,900
billed consultancy hours	billed engineering hours	completed projects

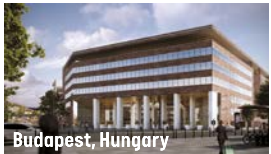


Our Service Centers

Bangalore, India

Barcelona, Spain

Berlin, Germany


Budapest, Hungary

Cape Town, South Africa

Dallas, Texas

Kuala Lumpur, Malaysia

Mexico City, Mexico

Milton Keynes, United Kingdom

Montpellier, France

Managed Services

We maintain, support and manage IT infrastructure and operations for our customers, to improve quality and flexibility while reducing costs. Despite competitive pricing in the market, our revenue under contract has high visibility, is long term and stable. We see this recurring income as a strategic means of balancing our business, as well as being essential to our Source, Transform and Manage customer offerings.

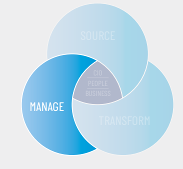
Customers ask us to reduce their costs by managing some of their support operations, as well as taking end-to-end responsibility for sourcing, deploying, transforming and then providing the ongoing managed support of digital projects.

We have continued to improve the predictability of our Managed Services, to the benefit of our customers and our own business. As our customers' businesses continue to evolve and face new challenges, we will continue to adapt our offerings to remain relevant and competitive. We see significant opportunities to add value to our customers.

Our Service Centers are the core of our Managed Services capability and we continue to invest in improving and updating the technology underpinning them.

2022 highlights include:

- **Total India Managed Services headcount exceeded 1,000 as we continue to grow our offshore capability.**
- **26 Managed Services contract go lives.**
- **Service Desk Institute Large Service Desk of the Year 2022.**
- **Service Desk Institute Service Resilience Award 2022 (Covid response).**
- **First successful customer wins using our new Modernising Workplace services capability, supporting customer users with hybrid working and managed lifecycle services.**
- **Commenced IT Service Management (ITSM) systems replacement programme, centred on ServiceNow.**
- **Acquired Emerge 360's engineering operations in India, Japan, Singapore, Hong Kong and Australia, to provide better coverage and ownership for international customers in the India and APAC regions.**



Maintenance, field and managed lifecycle services

Remote user support and digital operations

3.7 million devices supported under service level agreements

3.6 million incidents and requests managed

688 million automated tasks completed

Our approach to the market

Our Purpose
Computacenter is a leading independent technology and services provider, trusted by large corporate and public sector organisations. We help our customers to Source, Transform and Manage their technology infrastructure to deliver digital transformation, enabling people and their business.

Our Purpose is helping our customers change the world. To support this, we build long-term trust with our customers, our people, our partners, our communities and our shareholders.

Our customers are some of the world's greatest organisations in both the corporate and public sectors. They make world-changing decisions and investments, and while we do not change the world ourselves, we enable success for our customers so that they can realise the transformative benefits of information technology for their organisations, people, and the world. We work hard to get to know our customers, understand their needs and put them at the heart of everything we do.

Our strategy
Computacenter's strategy is centred on the specific needs of our target market of the largest corporate and public sector organisations in each of the eight countries in which we sell. Our focus is to build long-term relationships which earn customer loyalty and underpin our growth and development, while investing in building value to deepen existing customer relationships and build new ones. We help our customers to Source, Transform and Manage their technology infrastructure to deliver digital transformation, enabling people and their business.

Computacenter has an integrated offering, which provides three complementary entry points for our customers, giving us a balanced business portfolio and helping us to achieve sustained long-term growth. The three parts of our portfolio are: Technology Sourcing (Source), Professional Services (Transform) and Managed Services (Manage). We are unusual in the market in building strength in depth across all three parts of the portfolio.

We gain new customers through each of Technology Sourcing, Professional Services and Managed Services. However, we have greater longevity in customer relationships when we are working across all three parts of the portfolio.

Our value-added reseller (VAR) capability places us as one of the six largest VARs by gross invoiced income in the world and the largest headquartered outside the United States. We have the largest Services business, and have built what we believe to be the best international capability, of any VAR in the world. We compete with VARs and offer value-add to both customers and technology vendors through our Services, compared to buying directly through individual technology vendors.

By growing our Services, we aim to build value for our customers and technology vendors, in addition to scale competitiveness in the countries in which we sell to customers. We compete in Services with VARs, and small service companies through breadth and scale, as well as Systems Integrators (SIs) who do not have competitive Technology Sourcing capability.

Our target market customers require us to offer significant flexibility to meet their specific needs, while also being competitive in each part of our portfolio. We achieve this through a scalable operating model that delivers economic advantage in our integrated portfolio.

Our strategic priorities support our strategy:

- **Customer relationships:** retain and maximise the relationships with our large corporate and public sector customers over the long term;
- **Customer value:** build unrivalled value for our target market customers by combining our service and product capabilities;
- **Services growth:** lead with and grow our Services; and
- **Productivity:** improve our productivity and enhance our competitiveness by leveraging our scale and building efficiencies.

Our business model
Our business model aims to leverage our resources to create value for our stakeholders. We organise into three mutually supporting groups: Sales & Customer Engagement (Country Units), Service Lines and Business Services.

Sales & Customer Engagement
Our target market is the largest corporate and public sector organisations in each of the eight countries in which we sell. This target market demands significant flexibility in how they receive services. Our business model supports this through having account managers, and service and solution specialists, aligned to our customers who build strong customer intimacy and, over time, referenceability. We empower our Sales and Customer Engagement teams to make responsible decisions that meet the demanding needs of our customers faster. They work hard to get to know our customers, understand their needs and put them at the heart of everything we do.

Service Lines
Our strategy involves building depth and scale in our chosen activities in each of the three parts of our portfolio: Technology Sourcing (Source), Professional Services (Transform) and Managed Services (Manage).

Our Service Lines allow us to leverage capabilities to meet customer needs efficiently and consistently across each major part of our portfolio and, over time, to build increased economic advantage in our scale fields of activity.

To achieve this we need to continue to build and leverage our resources:

- The depth of skills and experience of our over 20,000 people;
- Digital technology from our technology vendors, brought to market through powerful partnerships with them;
- Our brand and reputation, built on the achievement of long-term trust with our customers;
- Our financial strength and stability, allowing us to invest for the long term but also be a reliable long-term partner for our customers and other stakeholders; and
- Our market-leading scale infrastructure and physical assets, which underpin our ability to operate at scale, globally and efficiently.

Business Services
Our Business Services functions provide the underpinning business framework to maximise leverage, efficiency and compliance across the Group.

These functions enable the Sales & Customer Engagement and Service Lines teams to focus on customer success and operational effectiveness, while ensuring that we operate the business underpinned by our values and principles. These are: Finance, Information Services, Marketing, Legal, People, Strategy and Governance.

Market trends

Our target market of large corporate and public sector organisations is facing the challenge of responding to the pace of business change, a fast-evolving IT landscape and unpredictable external factors, such as the impacts of the global pandemic and the war in Ukraine.

At Computacenter, we do not change the world ourselves, we enable success for our customers so they can realise the transformative benefits of IT for their organisations, people, and the world.

To do this, we help our customers to understand and evaluate the fast-changing technology landscape but we do not need to invest materially in the latest technology trends. Rather, our investment focus is on those technology trends that, through our customer and technology vendor feedback, are emerging to become established at scale.

Based on discussions with our customers and supported by feedback from market research organisations such as Gartner, we have identified and invested in the following trends.

Agility

Our customers will continue to increase their spending on IT in the years ahead to build both greater agility and resilience in their businesses and to bring new capabilities to market for their own customers. This involves many of our customers deploying more standardised infrastructure at scale globally, to allow them to leverage hybrid and multi-cloud platforms for application delivery.

Our investments include:

- Expansion of our Sales & Customer Engagement capability, supported by improved CRM systems and the acquisition of BITS in the United States.
- Improved access to consultancy skills to advise customers through Professional Services Delivery Centers in India and Romania and our Resource Request Transformation system for resource availability.
- Improved standards across all our activities ranging from our new Professional Services framework, Technique, to investments in our Integration Centers to allow standardised deployments of different technologies.

Resilience

Our customers need to invest to meet increasing threats in cyber security and to meet regulatory requirements.

Our investments include:

- Significant investment in our own network and security infrastructure, to secure ourselves and therefore customers who both connect to us and rely on our Services.
- Embedding improved security within our core Managed Services offerings.
- Expansion of our security go-to-market capabilities across our portfolio.

People experience

Our customers are expecting different forms of delivery and greater innovation to support their business users in a hybrid working environment, while remaining secure.

Our investments include:

- Modernising Workplace programme to enable and support customer hybrid working and lifecycle services.
- Our Device as a Service proposition.
- Our new IT Service Management (ITSM) systems to enable greater responsiveness and flexibility.

Value from IT

Our customers seek to maximise the value they achieve from their existing IT environments and from new investments in technology and services.

Our investments include:

- Investments in our underpinning systems infrastructure to provide greater global standardisation and scalability, as well as improved ability to support software and technology vendor 'as a service' offerings.
- Continued investment in optimising and standardising our market-leading scale infrastructure, which underpins our ability to operate at scale, globally and efficiently.
- Development of skills in our Sales & Customer Engagement and Service Lines to enable information-driven decision-making and business case achievement for our customers.

Sustainability and achieving Net Zero

We have been committed for many years to a responsible Environmental, Social and Governance (ESG) approach, 'Winning Together for our People and our Planet', which underpins Our Purpose. We recognise that the long-term future of our company, our people and our planet relies on an enduring commitment to sustainability.

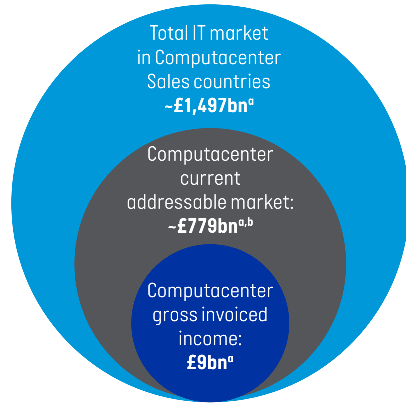
This is becoming an important factor in strategic decision-making for our customers. Customers want to do business with responsible suppliers who have the same level of commitment to sustainability as themselves.

Our investments include:

- Continued focus on our own Sustainability strategy and reduced carbon footprint through, for example, our solar generation investments.
- Development and expansion of our Circular Services capabilities.
- Alignment with recognised standards and frameworks bodies that measure and articulate our Sustainability strategy.

Market share

We will continue to invest and innovate to be the best that we can be and to secure the long-term trust of our customers, but also to gain increased market share. We see significant opportunities to grow our market share in the countries in which we sell over the coming years, from the relatively small share today.



2023-2026 CAGR current addressable market: **8.61%**[a,b]

a. Source: Gartner & Computacenter
b. Computacenter target market of large corporate and public sector organisations

Our business model

Our business model aims to leverage our scale and resources to create value for our stakeholders. We organise into three mutually supporting groups: Sales & Customer Engagement, Service Lines and Business Services.

OUR RESOURCES

- The skills and experience of our people
- Digital technology from our technology vendors
- Brand and reputation
- Financial strength and stability
- Infrastructure and physical assets

Our Sales & Customer Engagement teams work hard to get to know our customers, understand their needs and put them at the heart of everything we do.

SALES & CUSTOMER ENGAGEMENT (COUNTRY UNITS)

- Customer advocacy
- Propositions
- Target market
- Vendor independence

Our Service Lines allow us to leverage scalable capabilities to meet customer needs efficiently and consistently across each major part of our business.

SERVICE LINES

TECHNOLOGY SOURCING	PROFESSIONAL SERVICES	MANAGED SERVICES
Powerful partnerships	Professional Services Delivery Centers	Service Centers
Integration Centers	Breadth of skills	Systems and automation

Our Business Services functions provide the underpinning business framework to maximise leverage, efficiency and compliance across the Group.

BUSINESS SERVICES

FINANCE | INFORMATION SERVICES | MARKETING | LEGAL | PEOPLE | STRATEGY | GOVERNANCE

- Delivery quality
- Our Values
- Our Purpose
- Responsible business
- Reliable infrastructure
- Worldwide reach
- Financial strength
- Sustainability strategy

CREATING VALUE FOR ALL OUR STAKEHOLDERS

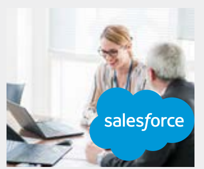
- Customers
- People
- Partners
- Communities
- Shareholders

Our investments

Computacenter's long-term investments in systems and infrastructure have positioned us as a trusted partner for large corporate and public sector organisations needing to deploy technology at scale. In 2022, we have continued to invest in our capabilities. Set out below are a number of our investments, which support and are aligned to our business model.

SALES & CUSTOMER ENGAGEMENT

First phase of new **Salesforce CRM system** deployed with 1,400 users to improve management of customer opportunities. Continued enhancement throughout 2023.



Expansion of sales headcount in United Kingdom, Germany and France to support growth.

Acquisition of Business IT Source (BITS) strengthens Computacenter in the Mid-West United States.

Global extension of our **Network Lifecycle** proposition underpinned by our SmartHub platform allows customers to manage and optimise their network assets.

Development of **Rapid Data Center Deployment** proposition underpinned by our HCAP platform allows customers to deploy data center racks with greater consistency and transparency.

First customer deployment of new **Device as a Service** proposition underpinned by our SmartHub platform, supporting customers in both hybrid working and to meet sustainability goals.

SERVICE LINES

TECHNOLOGY SOURCING

Integration Center investments: greater scale in Kerpen, Germany, new facilities in Moordrecht, NL and Indianapolis, US.

New Salesforce **Configure Price Quote (CPQ)** systems will enable all our customer-facing Technology Sourcing teams globally.

Our **TechSource e-commerce** platform has grown to support over 150 customers.

PROFESSIONAL SERVICES

New **Resource Request Transformation** system will provide our teams with a global view of Professional Services resources' skills and availability.

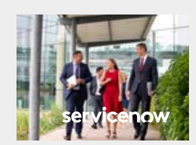
Growth of **Professional Services Delivery Centers** in Bangalore, India, and Cluj, Romania, support our long-term access to skills and competitiveness.

New **Professional Services framework, Technique**, provides a standard best practice approach to underpin our various Professional Services activities.

MANAGED SERVICES

Modernising Workplace programme uses new systems and organisation to enable support for customer hybrid working and lifecycle services.

Commenced **IT Service Management (ITSM)** systems replacement programme, centred on ServiceNow.



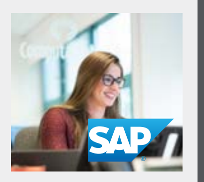
Acquisition of **engineering services in India and APAC** improves coverage in these regions.

BUSINESS SERVICES

Go-live of **solar farm in Livermore, California,** as we continue to invest in our Sustainability strategy.

Significant **investment in network and security infrastructure** globally to support hybrid working and help to secure ourselves and our customers.

Continued investment in our long-term **SAP ERP upgrade** programme which underpins our operations.



Our strategic priorities

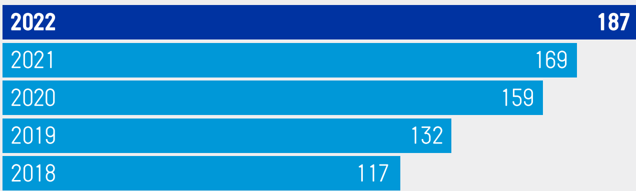
The measures set out below address what we believe to be the key drivers of successfully delivering our strategy. They also represent our non-financial Key Performance Indicators.

Customer relationships

Retain and maximise the relationships with our large corporate and public sector customers over the long term

Number of customer accounts with gross profit of over £1 million
+10.7%

187



Computacenter is focused on securing, growing and maintaining our relationships with large corporate and public sector customers. While our customers who contribute more than £1 million of gross margin are not all of equal strategic importance, their overall number is a key driver of our profitability. We focus on understanding why customers have exceeded or dropped below this £1 million threshold, and the extent to which this correlates with and is driven by our quality of service, or wider market trends which are outside of our control.

We finished 2022 with 187 of these customers, up by 10.7 per cent on the previous year. With the exception of one customer gained through acquisition, this increase was solely due to organic growth, primarily in Germany, where we continue to see the benefit of the maturity and scale of our business model, and in the United States, where we continue to invest in pursuit of significant market opportunity.

Computacenter invests heavily across both North America and Western Europe to grow our customer base and take share of spend within those customers. Whilst this metric is, to some extent, impacted by the investment capability of our customers and overall market confidence, alongside the quality of our offering and effectiveness of our delivery, we aspire to grow the number of our customers who contribute more than £1 million of gross margin by around 10 per cent in 2023.

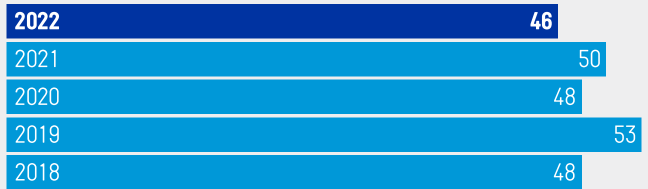
How we define customer accounts with gross profit of over £1 million
A customer account is the consolidated spend by a customer and all of its subsidiaries. Where a customer account exceeds £1 million of gross profit, it is included within this measure. The prior-year comparatives are restated on a constant currency[2] basis to provide a better indicator of underlying growth.

Customer value

Build unrivalled value for our target market customers by combining our service and product capabilities

Percentage of target market customers with Technology Sourcing revenue of over £1 million and Services revenue over £0.5 million

46



Our customers have always asked us to provide a range of activities across our service lines of Technology Sourcing, Professional Services and Managed Services. We believe that this need is increasing, driven both by the changes and complexity of the technology landscape and new ways of 'consuming' technology services, such as our Device as a Service offering.

We also believe that we are well positioned to offer significant value for our customers, by combining our service and product capabilities, and we are investing in systems to underpin these new offerings. We are confident that offering a combination of capabilities is an important factor in both differentiating our proposition, as well as building and retaining long-term trust with our customers.

Therefore, we will place greater focus on measuring development against this strategic priority. We have defined the measure to include all customers which contribute more than £250,000 of margin, and from which Technology Sourcing revenue is over £1 million, and Services revenue over £0.5 million.

How we define customer accounts with gross profit of over £250,000
A customer account is the consolidated spend by a customer and all of its subsidiaries. Where a customer account exceeds £250,000 of gross profit, it is part of our 'target market' and included within this measure. The prior-year comparatives are restated on a constant currency[2] basis to provide a better indicator of underlying growth.

Services growth

Lead with and grow our Services

Services revenue (£m)
+7.7%

1,571

Year	Services revenue (£m)
2022	**1,571**
2021	1,458
2020	1,233
2019	1,216
2018	1,157

Management is highly incentivised, both in-year and through our long-term incentive plans, to grow our Services. We understand that having a significant Services element within a customer engagement generally increases the longevity of the relationship.

During 2022, we grew Services revenue in constant currency[2] by over £100 million. A small part of this was due to in-year acquisitions, with the vast majority being generated through organic growth.

We are particularly pleased with the Professional Services capability and growth that we have seen in Germany, where we are building greater scale and competitive advantage. We are looking to replicate this across all our geographies. Our growth in North America in both Professional and Managed Services has been encouraging, albeit from a low base.

We go into 2023 with an overall Contract Base of £852 million (2021: £821 million). This growth was all organic, as acquisitions made in 2022 did not contribute to the Contract Base result. Our Managed Services business has made reasonable progress in challenging market conditions. Despite the impact of inflation, and resulting upward pressure on our cost base, customers continue to expect productivity gains through systems and automation, the development of which requires sustained and consistent investment. It was an extremely successful year for Managed Services renewals, alongside a number of new wins. These will aid growth in the short-to-medium term, but ongoing growth must be underpinned by taking market share from our competitors.

At the beginning of 2023, we made a number of management changes and realigned a number of internal functions to enable faster simplification and growth in both our Professional and Managed Services businesses over the medium term.

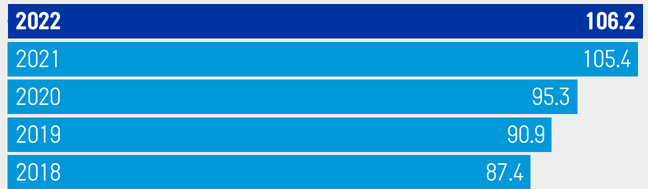
How we define Services revenue
Services revenue is the combined revenue of our Professional Services and Managed Services business. The prior-year comparatives are restated on a constant currency[2] basis to provide a better indicator of underlying growth.

Productivity

Improve our productivity and enhance our competitiveness by leveraging our scale and building efficiencies

Services revenue generated per Services head (£'000)
+0.8%

106.2



We use a number of performance indicators to help us measure and drive our productivity and efficiency, of which Services revenue generated per Services head is a critical one. The use of technology across our customer base is the key driver behind increasing this metric, following our investment in tools that we can utilise more effectively than our customers due to our scale. Increasing our productivity enables us to be more competitive in a market where price is clearly an important factor in customer decision making.

High levels of availability and utilisation of our Services personnel during the Covid-19 pandemic enhanced Services revenue in 2021. Additionally, we have seen increased volumes of offshoring in 2022 which are generally margin enhancing, but do not impact revenue in the same way. Given these significant headwinds to the comparative performance, we are relatively pleased with this strategic objective outcome in 2022.

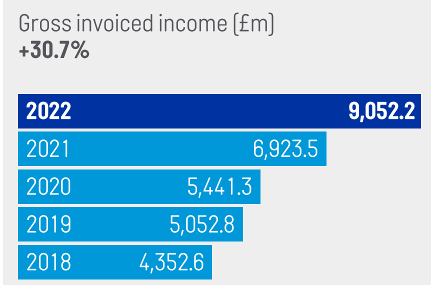
Further progress is required in this area in order to maintain our competitiveness, largely through the use of tools and automation. We continue to focus on offshoring where the opportunity exists.

How we define Services revenue generated per Services head
This is our Group Services revenue divided by the number of employees directly involved in providing our Managed Services and Professional Services offerings. The prior-year comparatives are restated on a constant currency[2] basis to provide a better indicator of underlying growth.

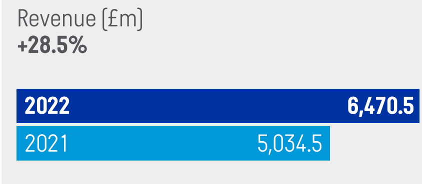
Our performance in 2022

Group

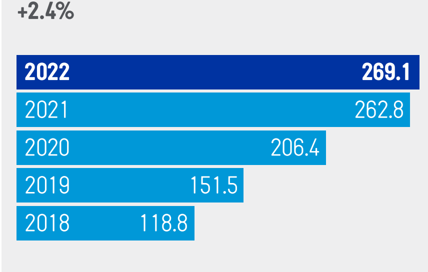
Gross invoiced income (£m)
+30.7%



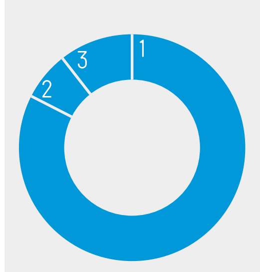
Revenue (£m)
+28.5%



Adjusted[1] operating profit (£m)
+2.4%



Gross invoiced income by business type



1. Technology Sourcing: **82.7%**
2. Professional Services: **7.0%**
3. Managed Services: **10.3%**

Financial performance

Our business model is built on the three primary service lines of Technology Sourcing, Professional Services and Managed Services, and reinforces our position as having the largest services business of any value-added reseller, as well as the largest value-added reseller capability of any services business worldwide. Executing this business model supports Our Purpose of helping our customers change the world.

Our strong trading performance over the year to 31 December 2022 continues to demonstrate the resilience of our business model. There were a number of challenges ahead of us when we reported our Interim Results on 9 September 2022 and we are pleased that we have overcome each of these challenges. Ensuring another year of adjusted[1] diluted earnings per share (EPS) growth, achieving full-year gross invoiced income growth in the United Kingdom Segment, arresting the growth in our inventory to improve our cash position and stabilising our Services margins were all key to our success in the second half of the year and the full year as a whole.

Adjusted[1] diluted EPS

Historically, revenues have been higher in the second half of the year than in the first six months, principally due to customer buying behaviour. This typically leads to a more pronounced effect on operating profit.

However, the impact of Covid-19 and the more recent supply shortages for IT equipment materially altered customer buying behaviours in 2020 and 2021. In 2021 an abnormally high percentage of our full-year profits came in the first half of the year, which means we had a more challenging comparison for the first half of 2022 than for the second half.

During 2022, we saw these unusual buying patterns reversing and the re-emergence of seasonality that is closer to our historical norms. Adjusted[1] profit before tax for the first half of 2022 was therefore behind that in the first half of 2021.

In line with our expectations, adjusted[1] profit before tax was down in the first half of the year against the first half of 2021 by nearly six per cent, which created a material headwind for the second half of 2022. We are therefore very pleased with the profit growth which we subsequently achieved for the year as a whole, and the significant momentum that we will carry into 2023, including in our previous and in-year North American acquisitions, which have continued to make good progress, both in terms of profit growth and cash generation.

The result for the year benefited from £187.8 million of revenue (2021: £1.3 million), and £5.4 million of adjusted[1] profit before tax (2021: £0.4 million), resulting from all acquisitions made since 1 January 2021. All figures reported throughout this Annual Report and Accounts include the results of these acquired entities.

Computacenter finished the year with a record fourth quarter, which resulted in an 18th consecutive year of adjusted[1] diluted EPS growth. Whilst our performance in 2022 was helped by a strong US dollar, and a small acquisition in the second half of the year, this assistance was far outweighed by the headwinds faced by the business as the Covid-related benefits it experienced in 2020 and 2021 unwound, particularly impacting our Services margins. Adjusted[1] diluted EPS, the Group's primary EPS measure, increased by 2.5 per cent in 2022 to 169.7 pence (2021: 165.6 pence). Diluted EPS decreased by 1.1 per cent to 159.1 pence (2021: 160.9 pence).

Results	2022 £m	2021 £m	Percentage change	2021 £m constant currency[2]	Percentage change
Professional Services revenue	**636.6**	552.4	**15.2%**	560.1	**13.7%**
Managed Services revenue	**934.0**	898.5	**4.0%**	897.6	**4.1%**
Services revenue	**1,570.6**	1,450.9	**8.3%**	1,457.7	**7.7%**
Technology Sourcing gross invoiced income	**7,481.6**	5,472.6	**36.7%**	5,665.7	**32.1%**
Total gross invoiced income	**9,052.2**	6,923.5	**30.7%**	7,123.4	**27.1%**
Professional Services revenue	**636.6**	552.4	**15.2%**	560.1	**13.7%**
Managed Services revenue	**934.0**	898.5	**4.0%**	897.6	**4.1%**
Services revenue	**1,570.6**	1,450.9	**8.3%**	1,457.7	**7.7%**
Technology Sourcing revenue	**4,899.9**	3,583.6	**36.7%**	3,712.3	**32.0%**
Total revenue	**6,470.5**	5,034.5	**28.5%**	5,170.0	**25.2%**
Gross profit	**947.1**	867.8	**9.1%**	885.3	**7.0%**
Adjusted[1] total administrative expenses	**(678.0)**	(605.0)	**12.1%**	(619.5)	**9.4%**
Adjusted[1] operating profit	**269.1**	262.8	**2.4%**	265.8	**1.2%**
Net adjusted[1] finance costs	**(5.4)**	(7.2)	**(25.0%)**	(7.5)	**(28.0%)**
Adjusted[1] profit before tax	**263.7**	255.6	**3.2%**	258.3	**2.1%**
Gross profit	**947.1**	867.8	**9.1%**		
Total administrative expenses	**(690.7)**	(612.6)	**12.7%**		
Operating profit	**256.4**	255.2	**0.5%**		
Net finance costs	**(7.4)**	(7.2)	**2.8%**		
Profit before tax	**249.0**	248.0	**0.4%**		

United Kingdom revenues
The United Kingdom saw 12.6 per cent growth in gross invoiced income following an astonishingly strong finish to the year. This top-line growth occurred even as the product mix changed significantly from hardware, which decreased, towards software and resold services where, with software in particular, longer-term framework contracts are becoming prevalent and drove the United Kingdom result in the second half of the year.

Inventory
Supply chain constraints remain in the forefront of our customers' minds and their planning. Whilst product availability varies by vendor and product line, product shortages materially affected the supply of key networking equipment for our customers throughout 2021 and into 2022, with some orders being substantially delayed or only partly fulfilled. We saw this situation materially reverse throughout the last quarter of 2022 where supply returned to much more stable levels, with the exception of certain networking products.

The Group continues to carry more inventory than normal. When customers realised that even their size of order would not guarantee supply, they switched to ordering much further in advance of their requirement than normal. This spiked our product order backlogs and, as we placed orders, manufacturers delivered as soon as product was available and even when only partly available. This led to inventory levels increasing rapidly. Earlier in the year we were holding stock for orders that we could not deliver without a critical part or where customers had ordered early and subsequently delayed delivery, as their data center facilities or other project requirements were not ready. We continue to work to return to the normal inventory cycle, with customers and vendors, to reflect the improved supply of hardware products.

Our performance in 2022 continued

The Group had £417.7 million of inventory as at 31 December 2022, an increase of 22.4 per cent during the year (31 December 2021: £341.3 million), and an increase of 12.3 per cent in constant currency[2]. Total inventory across the Group was therefore £76.4 million higher at 31 December 2022 than at 31 December 2021, and higher by £18.4 million since 30 June 2022. Inventory was, however, lower by £115.0 million since 30 September 2022, which was the high point for inventory during the year.

Whilst we have already been paid for some of this inventory, customers are committed to taking nearly all of the rest of the holding, so it is a largely risk-free position.

Further commentary on progress and initiatives in reducing our inventory and improving our cash generation is available in the Group Finance Director's Review on pages 64 to 66.

Services margins

Computacenter, like most companies, is affected by wage inflation associated with the macroeconomic disruption, and supply chain shortages, but these will offer us opportunities to differentiate from our competition with superior execution.

Services margins are broadly in line with pre-Covid-19 levels, matching the Services margin percentage achieved in 2018, but 373 basis points down from the all-time high achieved in 2021. During 2020 and 2021, the Group benefited from cost savings within its Services margins that have now unwound, proving themselves temporary in nature. These temporary benefits included significantly increased utilisation of our engineers, working remotely through the pandemic, who no longer had to spend otherwise billable time travelling to customer sites and had improved availability due to lower sickness, a substantial reduction in the use of external contractors and lower travel costs. These trends reversed in 2022 and have led to a significant Covid-19 headwind of approximately £58 million of gross profit, calculated by applying 2021 margin rates against 2022 Services volumes. The Group absorbed this in 2022 through superior execution in other areas of the business. Services margins, more than any other aspect of the business performance, was the area that most improved the Group's performance during Covid-19, much more so than Technology Sourcing volumes. We believe that these Covid-19 factors have now washed through our results and will not impact comparative numbers moving forward, allowing the continued robustness of the Services top-line growth to flow through to gross profit unhindered by this one-time reversal in margins due to the Covid-19 effect.

Enhanced bid governance processes have resulted in better underlying margins on new contracts, although inflationary pressures will make it challenging to maintain these levels in the short term. It is important to note that less than 20 per cent of our employees now reside in the United Kingdom, so the impact of these inflationary pressures should be considered on a more global basis than simply on the macroeconomic performance within the United Kingdom itself. Further, we have continued to invest ahead of demand in the Professional Services business with an impact on recruitment, training and initial start-up utilisation, especially in the United Kingdom and Germany, which is also reflected in the margin performance for 2022.

Technology Sourcing trading performance

Our Technology Sourcing product sales remained extremely strong through the second half of the year and into the early months of 2023, with strong demand in all of the countries in which we operate. Trading across all of our major geographies was pleasing throughout the year, with double-digit growth in gross invoiced income in each Segment.

Group gross invoiced income grew by 30.7 per cent including the effects of acquisitions made in the middle of 2022, and by 27.1 per cent in constant currency[2]. As discussed further in the Finance Director's Review on page 61, we changed our revenue recognition accounting policies during the year, including retrospectively.

The United Kingdom has seen a further shift in product mix away from hardware into software and resold Services, which experienced strong growth in the second half of the year.

German Technology Sourcing sales continued to grow strongly, with a growing workplace business now complementing the other areas of Technology Sourcing that are more of a traditional source of strength for the German business.

We remain extremely pleased by the scale of our growth in North America which, after removing the very strong growth in our largest North American customer, and the impact of the BITS acquisition, still saw nearly nine per cent growth in Technology Sourcing gross invoiced income. Whilst gross profits grew significantly, margins were lower due to the aforementioned growth from one North American hyperscale customer which saw lower margins than the average margins achieved across the rest of the business.

French Technology Sourcing gross invoiced income saw excellent growth, made even more pleasing by a product mix shift away from workplace to higher margin data center and networking products, to address a customer set with increasing demand.

The Technology Sourcing performance in the International Segment saw strong growth, with astonishing progress in the Netherlands business.

As demand has remained high, with order books continuing to build, the driver of customers' IT purchasing has focused on the short- to medium-term impacts of the economic downturn, as they look to re-engineer IT structures and employ digital transformation to cope with the ever-evolving technology landscape, the need to reduce non-IT operating costs and increasing cyber threats. We believe that IT spend remains strategic to our customers rather than discretionary and will be amongst the last expenditure categories to be retrenched if the forecast global economic recession becomes a reality. The strength of the overall Technology Sourcing result is driven by the spread of the customer base across multiple market segments, technology lines and geographies, which create durability and sustainability within the business model through diversification.

Our product order backlogs, which are the total value of outstanding orders with our vendors, across all geographies, are at all-time highs and considerably larger than at the end of 2021. The committed order backlog at the year-end was £2,913.9 million of confirmed purchase orders for delivery within 12 months, on a gross invoiced income basis, a 76.2 per cent increase since 31 December 2021 (£1,654.1 million) in constant currency[2]. We have modified this measure since that presented within the 2022 Interim Report and Accounts to exclude committed purchase orders for delivery beyond 12 months. Whilst the Managed Services Contract Base and the Professional Services forward order book have always given us better visibility of future revenues in these areas, the increasing Technology Sourcing backlogs, partly due to the increasing trend for customers to order in advance, mean that we now have much greater visibility of future revenues than ever before. This gives us a high degree of confidence that the Technology Sourcing business will be well placed in the year ahead.

Overall Group Technology Sourcing margins, based on gross profit as a percentage of revenue, decreased by 167 basis points during the year, mainly due to customer and product mix changes.

Services trading performance

Our Services revenue performance was strong during the year and we are confident of continued Services revenue growth fuelled by the continuing success story that is our Professional Services business and the strength of recent wins within Managed Services.

Professional Services in Germany has continued its excellent recent track record, with another year of rapid growth across all solutions lines. The United Kingdom saw a Professional Services decline due to the change in product mix in Technology Sourcing, particularly the reduction in workplace, that meant a follow-on reduction in deployment programmes. French Professional Services saw good growth, rebounding from the performance in 2021 with a return of projects in both public sector and within our Managed Services contracts. Professional Services in North America saw a large expansion through a number of very significant projects in 2022, increasingly demonstrating the scale of the business which is now approaching the size of the UK business, furthering our geographical diversification.

Professional Services is an essential part of our integrated business model – to help us create significant value for our customers and to be a volume-revenue and profit-growth driver for our business. We now have a Professional Services business with more than 6,000 people who completed over 1,900 projects in 2022, with more than 1.4 million billed consultancy hours in that time. We are committed to growing and enhancing our Professional Services business even further by having a broader and scalable portfolio across all countries, based on a common operating framework and a strong sales approach.

Managed Services saw robust revenue increases in all geographies, apart from the United Kingdom which was impacted by 2021 contract losses and a delay in the commencement of new contract revenue streams. Germany saw increased revenues due to wins from 2021 as the contracts come on stream. France was impacted by the expected cessation of legacy Computacenter NS contracts, although this was more than offset by new business. The North American Segment saw substantial growth, albeit from a low base, but will enjoy further growth from wins in 2022.

Whilst the recent EPS performance of peer services businesses remains suppressed when compared to those of our VAR competitors, we continue to focus on the importance of our Services businesses within the context of our overall business model offering to our customers. Managed Services in particular is important to the longevity of customer relationships with us. The ability to cross-sell and upsell Professional Services and Technology Sourcing to our Managed Services customers increases our share of the overall IT wallet in those customers and makes those customers stick with Computacenter. More than three-quarters of our major European headquartered customers have at least £0.5 million of Managed Services spend per annum.

Our Services margin performance was impacted in 2022 by the unwinding of Covid-19-related benefits during the year, and inflationary pressures which we expect to continue into 2023 as noted above.

Outlook

At Computacenter, we are pleased to have shown adjusted[1] earnings per share growth in 2022 over the previous year, considering the challenging headwind from the unravelling of temporary Covid-related cost base reduction benefits. In 2023, we do not have anywhere near the same challenge as we have faced in 2022. By the end of the first half of 2022, almost all of the Covid benefits had disappeared from the business.

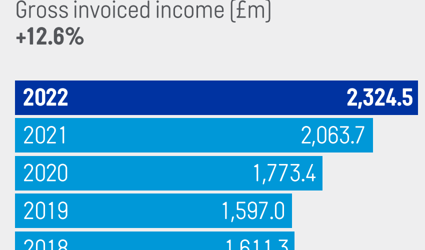
Demand from most of our largest customers remains solid, particularly for IT infrastructure on which their businesses rely. We have seen top-line revenue extremely buoyant so far this year and expect this trend to continue. Our challenges for the coming year include, to a small extent, Technology Sourcing margins, due to the fact it is the largest customers, which are dilutive to margins, that are spending most, and, more significantly, Services margins due to price pressure in the market and salary inflation.

Supply constraints have eased materially and while some will always remain, we are now operating at close to normal market conditions. Aligned with this, our inventory levels started to fall at the beginning of the fourth quarter of last year and we expect further reduction this year, which will continue to decrease the working capital required in the business.

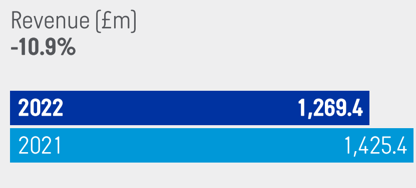
As previously communicated, Computacenter is currently going through a significant internal IT investment phase, which we expect to last for a further two or three years. While this has put pressure on our profitability in the short term, we believe it is the right thing to do so we can take advantage of the long-term growth opportunities in the market and enhance our competitive position to take market share. We remain positive about the outlook in the short, medium, and long term. While there are plenty of challenges due to the macroeconomic environment, we continue to expect 2023 to be a year of progress.

United Kingdom

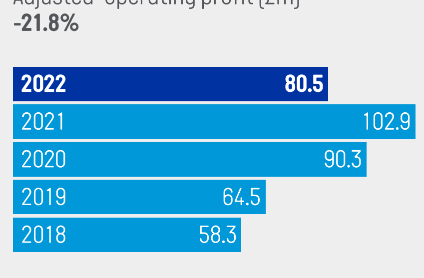
Gross invoiced income (£m)
+12.6%



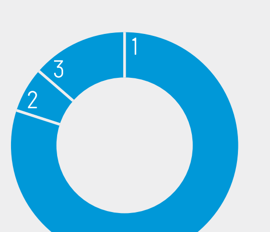
Revenue (£m)
-10.9%



Adjusted[1] operating profit (£m)
-21.8%



Gross invoiced income by business type



1. Technology Sourcing: **80.2%**
2. Professional Services: **6.3%**
3. Managed Services: **13.5%**

Financial performance

We have continued to invest to broaden our customer base and have been successful in growing the number of target-market customers. This will bear fruit in future years, as we work with those customers and increase the range and value of our sales to them.

Our people costs have increased as inflation has pushed salaries up and we intend to pass most of this on to our customers, through higher prices. During the year, our people increasingly came back to the office and met our customers face to face. We opened new collaboration spaces in our United Kingdom head office in Hatfield.

Higher administrative costs reflected the impact of inflation on people costs, the expansion of our sales force in the previous year to grow our customer base, and the return of domestic and international travel. We are carefully managing travel by using technology, while applying a carbon travel levy to ensure that we make carbon-efficient choices. Travel overall remains below pre-pandemic levels.

Demand from public sector customers has diminished since the pandemic, and there were a small number of non-renewals within public sector contracts in 2021 which impacted 2022. Political uncertainty also delayed spending decisions in the second half of the year. However, the corporate sector performed better as more employees returned to their offices. We also benefited from customers who value our international capabilities, as we can serve their operations in the United Kingdom, Europe, North America and Asia-Pacific.

With economic conditions becoming more difficult, some customers are slowing down their investments, particularly for hardware upgrade projects. However, we believe this is creating pent-up demand and that we will benefit as they resume investing in their businesses.

Overall gross margins in the United Kingdom increased by 160 basis points, with total adjusted[1] gross profit at 20.4 per cent of revenues (2021: 18.8 per cent). This result was impacted by the significant swing from hardware to software and resold services within Technology Sourcing. This gross margin ratio increase was assisted by a higher proportion of software and resold services during the year, where the margins are recorded directly as net revenue as a result of our recent change in revenue recognition accounting policies.

Technology Sourcing performance

The reduction in Technology Sourcing revenues reflected a shift in product mix towards software and resold services, which improved margins but had less impact on reported revenue as they are booked on an agency or net basis. Our gross invoiced income increased by 17.9 per cent year on year. Technology Sourcing margins, based on gross profit as a percentage of revenue, increased by 450 basis points compared to 2021, due to the change in product mix described above.

We saw lower demand for hardware during the year, primarily in workplace, as some customers completed their Windows 10 rollouts. The reduced workplace activity affected utilisation and cost absorption of our Integration Centers, where we add value for customers, for example by configuring their devices.

Our software business grew rapidly, in particular through longer-term framework contracts, and we also expanded our resold services. Neither of these areas had the supply chain issues that affected hardware sales, allowing us to rapidly fulfil customer demand. In the enterprise solution areas, we are seeing good growth in our data center and cloud business, again driven by software sales.

Results	2022 £m	2021 £m	Percentage change
Professional Services revenue	**147.5**	154.6	**(4.6%)**
Managed Services revenue	**312.8**	327.6	**(4.5%)**
Services revenue	**460.3**	482.2	**(4.5%)**
Technology Sourcing gross invoiced income	**1,864.2**	1,581.5	**17.9%**
Total gross invoiced income	**2,324.5**	2,063.7	**12.6%**
Professional Services revenue	**147.5**	154.6	**(4.6%)**
Managed Services revenue	**312.8**	327.6	**(4.5%)**
Services revenue	**460.3**	482.2	**(4.5%)**
Technology Sourcing revenue	**809.1**	943.2	**(14.2%)**
Total revenue	**1,269.4**	1,425.4	**(10.9%)**
Gross profit	**259.2**	268.2	**(3.4%)**
Adjusted[1] administrative expenses	**(178.7)**	(165.3)	**8.1%**
Adjusted[1] operating profit	**80.5**	102.9	**(21.8%)**

We have seen improved availability of hardware components for workplace and data center but this remains an issue for networking. The committed order backlog at the year end was £331.0 million of confirmed purchase orders for delivery within 12 months, on a gross invoiced income basis, a 70.1 per cent increase since 31 December 2021 (£194.6 million).

Services performance

The lower workplace demand in Technology Sourcing also affected Professional Services, which rolls out technology we have sold to our customers. We also saw a slight decline in the number of large programmes of work that are on an outcome-based commercial model. However, we benefited from increased demand for adopting public cloud and for expanding and securing customer networks. We also grew our resources on demand business, where we provide specialist resources to support our customers' operations. Profitability in Services was held back by additional costs to improve performance on a small number of Professional Services contracts, which we addressed during the year. The pipeline for Professional Services is strong, giving us confidence that growth opportunities are realisable.

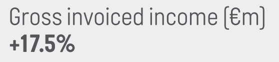
Revenue in Managed Services was lower, reflecting the full-year impact of contract losses in 2021 and delays to some contract awards we had anticipated in 2022. However, we had a good year for renewals and won a significant contract that will benefit revenues going forwards. In 2021, we won a significant Managed Services contract with a large multinational investment bank and financial services company, to provide a device as a service model with worldwide support coverage and Technology Sourcing embedded in the contract. We have continued to roll the model out globally for the customer and our pipeline for device as a service is growing, with a second contract with a large pharmaceutical company being signed since the year end.

Services margins decreased by 434 basis points when compared to the prior year. This was primarily due to costs returning to the business following the end of the Covid-19 pandemic and resumption of normal working practices.

Our performance in 2022 continued

Germany

Gross invoiced income (€m)
+17.5%

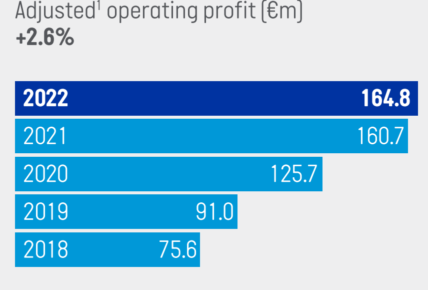


Year	Gross invoiced income (€m)
2022	**2,804.3**
2021	2,386.4
2020	2,108.2
2019	2,161.9
2018	2,115.7

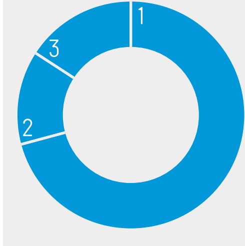
Revenue (€m)
+18.6%

Year	Revenue (€m)
2022	**2,159.3**
2021	1,821.0

Adjusted[1] operating profit (€m)
+2.6%



Gross invoiced income by business type



1. Technology Sourcing: **71.1%**
2. Professional Services: **13.2%**
3. Managed Services: **15.7%**

Financial performance

After a strong fourth quarter, we are very pleased with the full-year result. We exceeded our revenue growth expectations and despite somewhat weaker margins, the bottom-line result was above plan and the previous year's. This was an excellent performance given the positive cost and capacity utilisation effects in Services in 2021, which we had expected to reverse in 2022.

Despite market uncertainties resulting from the war in Ukraine, ongoing Covid-related restrictions, and continued supply chain issues, we recorded good double-digit overall growth in revenues and gross invoiced income.

It was challenging to recruit skilled people during the year, but our targeted recruitment initiative significantly strengthened the skills base for consulting and project Services and recruitment was a little easier by the end of the year. We had planned to expand our sales force but this proved more difficult than expected, and this is a challenge we will take into 2023. The pressure on salaries, triggered by high inflation, had only a modest effect on costs in 2022 and is more likely to affect the cost base in 2023, especially for our Services businesses.

Throughout the year, our biggest challenge was handling our supply chain business. Customers had switched to a high stocking strategy to ensure availability and we therefore had to manage three times the usual operating levels of inventory on occasions, for which our Integration Center in Kerpen had insufficient storage and logistics space. However, we reacted quickly to reactivate our former Integration Center, doubling our capacity within three months. This enabled us to clear the entire backlog before the year end, and we are now back to normal operating levels. We can now act much more flexibly and provide additional capacity, which should give us a boost for 2023.

The ongoing macroeconomic difficulties – in particular the energy shortage and high energy prices caused by the war in Ukraine – had very different effects on our customers. Companies that are heavily dependent on energy, especially large chemical companies, are reducing their IT expenditure or postponing investments. Nevertheless, we see the overall effects being less severe, especially in our customer base, and many companies are going into the coming year stronger. Our public sector business remains one of our strengths. Demand here is still high and the pipeline promises good potential. We have started to develop a new customer sector in education and are significantly expanding our sales capacities in almost all federal and state authorities.

In addition to large framework successes discussed in the half-year report, we have extended the network support agreement with an international car manufacturer for the next five years and also integrated additional services. We also extended the network and procurement contract for a major public sector customer and won the associated cloud contract. At the start of 2023, we were the first Cisco partner in Germany to conclude a worldwide 'Whole Portfolio Agreement' with a large German industrial and technology company.

While the geopolitical and economic situation in Germany remains unpredictable, it has become more positive in recent months due to lower energy prices and inflation levelling off. We are convinced that companies, and particularly public sector customers, will continue to invest in IT infrastructure and digitisation projects. Their requirements are becoming increasingly global, which should also benefit us. We expect good overall growth again in 2023, underpinned by our pipeline. Nevertheless, 2023 will be challenging on the cost side, due to inflation-driven cost increases and salary adjustments. Overall, we are assuming slight growth in adjusted[1] operating profitability.

Results	2022 £m	2021 £m	Percentage change	2022 €m	2021 €m	Percentage change
Professional Services revenue	**315.7**	273.8	**15.3%**	**370.1**	318.4	**16.2%**
Managed Services revenue	**374.7**	348.6	**7.5%**	**439.5**	405.2	**8.5%**
Services revenue	**690.4**	622.4	**10.9%**	**809.6**	723.6	**11.9%**
Technology Sourcing gross invoiced income	**1,704.7**	1,427.7	**19.4%**	**1,994.7**	1,662.8	**20.0%**
Total gross invoiced income	**2,395.1**	2,050.1	**16.8%**	**2,804.3**	2,386.4	**17.5%**
Professional Services revenue	**315.7**	273.8	**15.3%**	**370.1**	318.4	**16.2%**
Managed Services revenue	**374.7**	348.6	**7.5%**	**439.5**	405.2	**8.5%**
Services revenue	**690.4**	622.4	**10.9%**	**809.6**	723.6	**11.9%**
Technology Sourcing revenue	**1,153.1**	942.6	**22.3%**	**1,349.7**	1,097.4	**23.0%**
Total revenue	**1,843.5**	1,565.0	**17.8%**	**2,159.3**	1,821.0	**18.6%**
Gross profit	**325.1**	312.0	**4.2%**	**380.8**	363.2	**4.8%**
Adjusted[1] administrative expenses	**(184.2)**	(174.2)	**5.7%**	**(216.0)**	(202.5)	**6.7%**
Adjusted[1] operating profit	**140.9**	137.8	**2.2%**	**164.8**	160.7	**2.6%**

Margins in Germany decreased by 230 basis points, with adjusted[1] gross profit decreasing from 19.9 per cent to 17.6 per cent of revenues, as explained below.

Technology Sourcing performance

Revenue increased significantly compared to 2021. The margin erosion in the first half of the year reversed in the second half and the overall margin situation is stable. Technology Sourcing margins, based on gross profit as a percentage of revenue, remained strong but slipped by 89 basis points over the year. The revenue growth driver is once again the network and security business, followed by a very good workplace business. We also saw strong growth in software licence reselling.

Given the capacity problems in our Integration Center through much of the year, the result was excellent. We solved these challenges through the commitment of our teams and investments in the infrastructure and are now very well positioned for future growth. Inventory also significantly reduced towards the end of the year and is now close to the normal level.

Looking ahead, we are targeting continued strong growth in 2023. Even if customer requirements decrease, as many customers have invested in their workplace infrastructure in particular in the last two years and are now reaching saturation, we have won new customers and contracts with the potential to ensure sufficient growth. We won a framework agreement which can be leveraged by all European Union central banks. The committed order backlog at the year end was €362.9 million of confirmed purchase orders for delivery within 12 months, on a gross invoiced income basis, a 20.6 per cent decrease since 31 December 2021 (€457.0 million).

Services performance

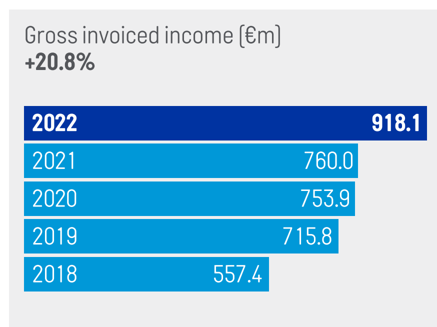
Services growth in 2022 was driven by Professional Services, although Managed Services also developed well. We benefited from contracts won in 2021 and the expansion of existing business. In Professional Services, we grew all solution areas and benefited from the nearshore and offshore capacities we had created. We are seeing a notable increase in international revenues in both the Professional Services and Managed Services businesses. Our international presence and the opportunities created by leveraging nearshore and offshore capabilities should give us additional impetus for 2023.

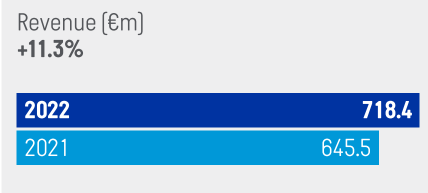
Services gross profits benefited from volume growth but cost and efficiency had a negative impact on margins. Compared to 2021, we recorded increased travel, training and event costs. However, we are still well below the pre-Covid level and within the expected range. We also planned for a slight underutilisation of service resources due to the significant expansion of capacity, primarily due to new business entrants. However, we did not foresee the cold and flu wave that swept over Germany, particularly from October to December. As a result, sick leave increased substantially, leading to lower availability of resources. These three effects have put the Services margins under pressure, with a decrease of 403 basis points over the year.

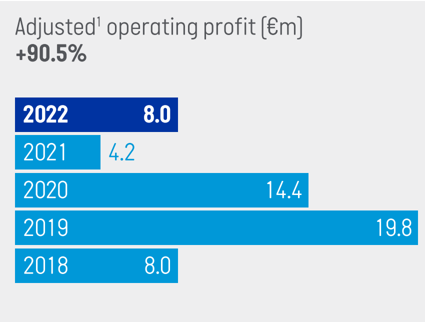
In summary, we are satisfied with performance in the service area and we have the potential to address even more business with our customers.

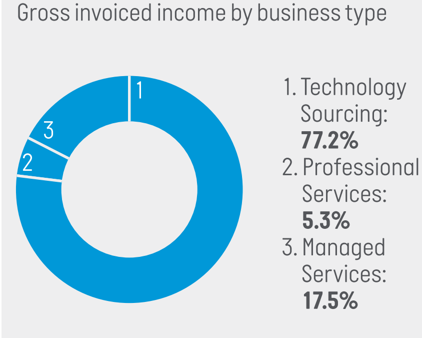
We are targeting double-digit revenue growth in 2023, especially in Professional Services, and the persistently high demand from public sector customers assists with this objective. However, we also assume that Services gross profit will be affected by increased salary costs, which we can only recover over time due to long-term contracts that do not allow all price adjustments to be passed on to the customer, and due to the general increase in costs, especially for energy, which will affect our Managed Services contracts. Overall, we assume that we can achieve a small growth in Services gross profit.

France









Financial performance

Our French business made good progress in 2022, mainly thanks to a very strong last quarter in our Technology Sourcing business. Our Integration Center in Gonesse was busy throughout the year and handled record product volumes in December.

Towards the end of 2020, we acquired BT's domestic services operations in France and renamed the subsidiary Computacenter NS (CCNS). CCNS significantly improved our capabilities around networking and security in France. Simultaneously, we have developed our competencies in data center solution design and software licensing solutions. We made good progress in 2022 with leveraging these new capabilities, as evidenced by the shift in our business mix from workplace to data center and networking.

Another notable development in 2022 was the growth of our software licensing business. We grew the traditional reselling of licences and also saw good progress with closing some high-volume, long-term software consumption-based agreements.

The further integration of CCNS progressed according to plan and since 1 January 2023, all CCNS maintenance and data center operations teams have been fully integrated within our Group delivery teams. This means we have integrated 100 per cent of CCNS activities within the Computacenter operating model. At the time of acquisition, we knew that certain CCNS contracts would not be renewed and the total Managed Services Contract Base declined in line with our expectations. It is encouraging that we won a few large network maintenance contracts towards the end of the year and we are determined to further grow our CCNS business.

Computacenter continues to develop its capabilities worldwide. That enables us to propose compelling solutions to our internationally-based French customers in the corporate sector. Moreover, local French customers from both the corporate and public sectors benefit from our worldwide capabilities, as they can use our global, scalable systems and benefit from worldwide vendor relationships and corresponding terms and conditions.

In the second half of the year, Anne Merinville was appointed as the new Country Unit Director for France, allowing her to fully focus on the development of the sales team in France. Together with the country management team, we have defined a future-ready sales structure and believe that we can now fully focus to establish further growth in the French market.

From an economic perspective, while inflation will influence our Technology Sourcing and Services costs and market pricing in 2023, the inflation rate in France is lower than in most European countries, largely because the Government has capped energy price increases. Although there is the prospect of an economic slowdown, we remain confident that customers will continue to invest significantly in their IT, reflecting the importance of technology to delivering their change programmes. This is reflected in our database of identified customer opportunities, which is double the size of a year ago. Margins in France increased by 23 basis points, with adjusted[1] gross profit increasing from 12.3 per cent to 12.5 per cent of revenues.

Results	2022 £m	2021 £m	Percentage change	2022 €m	2021 €m	Percentage change
Professional Services revenue	**41.7**	38.0	**9.7%**	**48.9**	44.1	**10.9%**
Managed Services revenue	**136.4**	134.0	**1.8%**	**160.0**	155.9	**2.6%**
Services revenue	**178.1**	172.0	**3.5%**	**208.9**	200.0	**4.5%**
Technology Sourcing gross invoiced income	**606.7**	481.4	**26.0%**	**709.2**	560.0	**26.6%**
Total gross invoiced income	**784.8**	653.4	**20.1%**	**918.1**	760.0	**20.8%**
Professional Services revenue	**41.7**	38.0	**9.7%**	**48.9**	44.1	**10.9%**
Managed Services revenue	**136.4**	134.0	**1.8%**	**160.0**	155.9	**2.6%**
Services revenue	**178.1**	172.0	**3.5%**	**208.9**	200.0	**4.5%**
Technology Sourcing revenue	**435.8**	383.2	**13.7%**	**509.5**	445.5	**14.4%**
Total revenue	**613.9**	555.2	**10.6%**	**718.4**	645.5	**11.3%**
Gross profit	**76.7**	68.1	**12.6%**	**89.5**	79.2	**13.0%**
Adjusted[1] administrative expenses	**(69.6)**	(64.6)	**7.7%**	**(81.5)**	(75.0)	**8.7%**
Adjusted[1] operating profit	**7.1**	3.5	**102.9%**	**8.0**	4.2	**90.5%**

Technology Sourcing performance

Our Technology Sourcing business had a very strong year, despite continued challenges around product shortages worldwide. Towards the end of the year, we saw an improvement in product availability and are hopeful that we can return to normal during 2023.

Due to these shortages and continued high demand, we faced high inventory levels throughout the year. However, inventory reduced towards the end of 2022, evidencing the improvement of product availability at the year end. Technology Sourcing margins increased by 47 basis points, based on gross profit as a percentage of revenue.

The global product shortages in 2020 and 2021 meant that we started 2022 with a very high backlog position. With record revenue in Technology Sourcing in 2022 and improved product availability, we expected that the backlog would decline towards the end of the year. This was not the case, proving the effectiveness of our sales force throughout the year in identifying and closing new opportunities with our customers. The committed order backlog at the year end was €132.2 million of confirmed purchase orders for delivery within 12 months, on a gross invoiced income basis, a 5.2 per cent increase since 31 December 2021 (€125.7 million).

Services performance

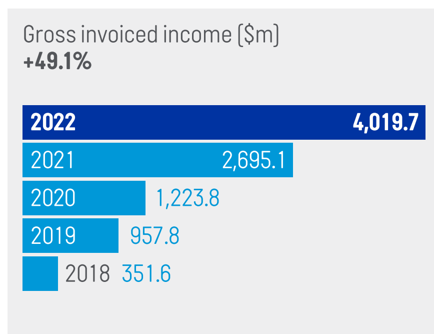
The Services business was challenged in 2022, as it was across the Group. During the pandemic in 2021, our Professional Services consultants worked mainly from home, resulting in optimised utilisation of their time, with less travel and lower sickness levels, and very low travel expenses. With the return to work, these advantages have disappeared. Services margins decreased by 78 basis points.

The continued competitiveness in the labour market for talent throughout 2022 also affected our ability to respond to all the project opportunities. We have increased our efforts to improve our reputation as an employer of choice in France and are hopeful this will pay off in 2023 and beyond.

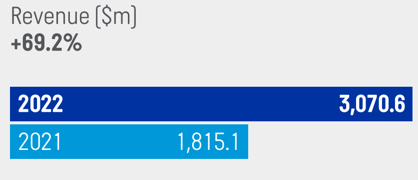
Our Managed Services base declined as expected, with the CCNS contracts referred to above coming to an end. Following the win of a few significant Managed Services opportunities in 2021, we have been finalising the take-on of these contracts and worked hard to optimise our service, in order to deliver all the contracts to the agreed service level and within the designed cost model. A great deal of effort also went into renewing and extending a few large existing contracts.

North America

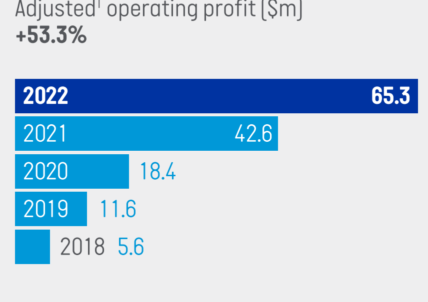
Gross invoiced income ($m)
+49.1%



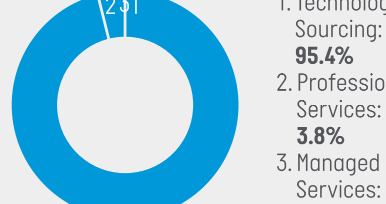
Revenue ($m)
+69.2%



Adjusted[1] operating profit ($m)
+53.3%



Gross invoiced income by business type



1. Technology Sourcing: **95.4%**
2. Professional Services: **3.8%**
3. Managed Services: **0.8%**

Performance in the year was assisted by the acquisition of Business IT Source (BITS) on 1 July 2022. BITS is one of the fastest growing value-added resellers in the United States and presents good opportunities to expand our coverage of the Mid-West region from its base in Illinois.

We are delighted to have welcomed our new colleagues to Computacenter, who bring strong selling and customer service skills and are an excellent cultural fit.

BITS outperformed our expectations in the first six months of ownership, with revenues of $216.1 million and adjusted[1] operating profit of $8.4 million.

North America continues to manage its system conversions to the Group ERP system. We are preparing to migrate the Pivot and BITS businesses in 2023 and 2024.

Financial performance

Excluding the BITS acquisition, our organic North American revenue growth was 57.3 per cent on a constant currency[2] basis. This was due to continued growth of hyperscale customers, as well as new customer wins, with growth in both Technology Sourcing and Services. The Technology Sourcing business saw significant revenue growth, although this was concentrated in a small number of hyperscale customers where account margins are materially lower than average. Global supply chain challenges continue to affect the Technology Sourcing business, although the impact materially reduced over the second half of 2022.

Our growth is reflected in the number of customer accounts that exceed £1 million of gross profit per year, which increased from 37 to 44 during the year. We have also expanded the business that we do with other customers and grown the average gross profit per customer.

Margins in North America decreased by 412 basis points, with adjusted[1] gross profit decreasing from 13.6 per cent to 9.5 per cent of revenues. The acquisition of BITS did not significantly impact the overall margin percentage.

The increase in adjusted[1] administrative expenses was the result of higher variable remuneration due to the increase in gross profit, investments in additional capabilities to support customers and higher than historical average increases in compensation, due to wage inflation. Travel and living expenses rose as Covid-19 restrictions loosened. These were partly offset by lower facility costs and foreign currency exchange gains.

Facility costs were lower as we reduced the size of certain offices or combined office locations in similar regions. North America is expanding its Integration Center capability overall, with a larger facility in Washington State and a new facility in Indiana to better manage capacity across our expanding geographical footprint in the United States. The acquisition of BITS also increases our Integration Center capacity, with a facility in Illinois. In the medium term we will look to further integrate and align the capacity once supply chains have normalised and the Group ERP systems are implemented throughout the operational units.

Excluding BITS, North America's adjusted[1] operating profit was up by 33.6 per cent to $56.9 million. The year-on-year increase in adjusted[1] operating profit was achieved while investing in new capabilities and expanding the portfolio, largely focused on adding workplace capabilities and continued hyperscale capability which more than offset short-term declines in our rack business. Whilst higher volumes drove the growth, a less favourable customer mix meant adjusted[1] operating profit lagged the increase in revenue.

Results	2022 £m	2021 £m	Percentage change	2022 $m	2021 $m	Percentage change
Professional Services revenue	**122.5**	77.5	**58.1%**	**150.3**	106.5	**41.1%**
Managed Services revenue	**26.9**	18.6	**44.6%**	**33.2**	25.8	**28.7%**
Services revenue	**149.4**	96.1	**55.5%**	**183.5**	132.3	**38.7%**
Technology Sourcing gross invoiced income	**3,131.7**	1,869.2	**67.5%**	**3,836.2**	2,562.8	**49.7%**
Total gross invoiced income	**3,281.1**	1,965.3	**67.0%**	**4,019.7**	2,695.1	**49.1%**
Professional Services revenue	**122.5**	77.5	**58.1%**	**150.3**	106.5	**41.1%**
Managed Services revenue	**26.9**	18.6	**44.6%**	**33.2**	25.8	**28.7%**
Services revenue	**149.4**	96.1	**55.5%**	**183.5**	132.3	**38.7%**
Technology Sourcing revenue	**2,357.9**	1,226.3	**92.3%**	**2,887.1**	1,682.8	**71.6%**
Total revenue	**2,507.3**	1,322.4	**89.6%**	**3,070.6**	1,815.1	**69.2%**
Gross profit	**238.3**	180.2	**32.2%**	**292.4**	247.6	**18.1%**
Adjusted[1] administrative expenses	**(185.3)**	(149.2)	**24.2%**	**(227.1)**	(205.0)	**10.8%**
Adjusted[1] operating profit	**53.0**	31.0	**71.0%**	**65.3**	42.6	**53.3%**

We continue to leverage the synergies of our North American and European businesses, for example by increasing our focus on the financial services market in the United States North-East for existing European customers.

While we are anticipating a downturn in the North American economy, we have less than one per cent share of the market, giving us significant potential to grow as we invest to take market share.

Technology Sourcing performance

Excluding BITS, Technology Sourcing gross invoiced income increased by 40.9 per cent on an organic basis. The organic growth was driven by increased spending by hyperscale customers and growth in sales to international customers with operations in the United States. Technology Sourcing has grown in 'drop-ship' revenue, where products are delivered directly from the vendor, and experienced a decline in integration-driven revenue. This leads to fewer opportunities to add value to the transaction and decreases the utilisation of our facilities and personnel, leading to lower cost absorption. We continue to see significant activity and opportunity for our Integration Centers, including complex distributed branch rollouts, as well as global data center build-out projects for our hyperscale customers. However, the probability and timing of these opportunities are difficult to predict.

The Technology Sourcing margin decreased by 422 basis points, based on gross profit as a percentage of revenue, as a result of significant revenue growth with hyperscale customers that command a lower-margin profile, combined with the investment growth in Integration Center capacity and a reduction in our higher-margin rack fabrication volumes. The acquisition of BITS was beneficial to gross profit while resulting in no change in overall margins as BITS has a similar margin profile to the rest of the business.

Compared to 2021, we saw a similar technology spending mix among major partners and technologies, particularly in the data center and networking solution areas.

We benefited from significant continuing investments by our customers, as they digitise their operations and modernise their infrastructure. We continue to see customers seeking to simplify their operations by consolidating to fewer suppliers, resulting in long-term commitments and larger transactions.

The committed order backlog at the year end was $2,557.4 million of confirmed purchase orders for delivery within 12 months, on a gross invoiced income basis, a 130.5 per cent increase since 31 December 2021 ($1,109.5 million). This was driven by a single major hyperscale customer, whose backlog almost doubled over the prior year. Excluding this customer, the backlog increased by 9 per cent, with growth in the backlog slowing due in part to reduced lead times as supply chain performance improves.

Services performance

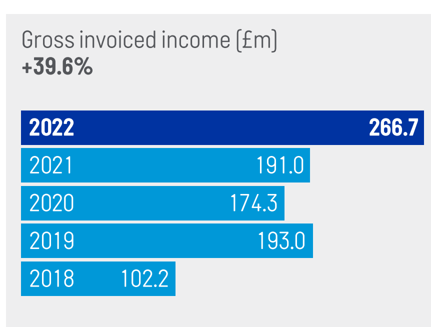
The acquisition of BITS did not have a significant impact on Services revenue.

North American Services revenue growth was primarily due to significant deployment projects, with several large ongoing projects with countrywide retail customers. Project activity continued to recover during 2022 after customers delayed expected projects while they responded to Covid-19 in 2020 and 2021. Our pipeline in Professional Services is encouraging and we have secured two new Managed Services contracts, which will ensure this part of this business grows again in 2023 and will allow us to leverage some of our Group investments.

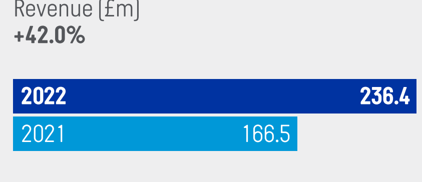
Professional Services margins were down compared to the prior year despite higher volume, as a result of a less favourable customer mix and the impact of wage inflation rising faster than our ability to pass these costs on to our customers. The Managed Services business also reported lower margins year-on-year, due to a combination of customer mix and lower margins on transition projects in their early stages. Overall, Services margins were down by 274 basis points.

International

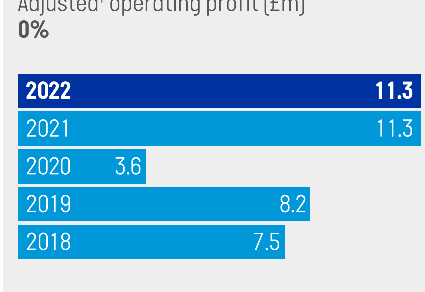
Gross invoiced income (£m)
+39.6%



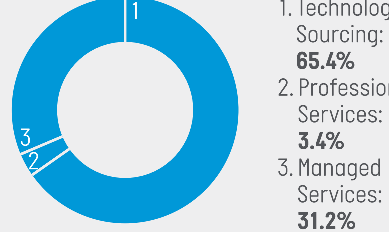
Revenue (£m)
+42.0%



Adjusted[1] operating profit (£m)
0%



Gross invoiced income by business type



1. Technology Sourcing: **65.4%**
2. Professional Services: **3.4%**
3. Managed Services: **31.2%**

The International Segment comprises a number of trading entities, nearshore and offshore Service Center locations and countries in which we have other support operations.

The trading entities include Computacenter Switzerland, Computacenter Belgium and Computacenter Netherlands. In addition to their operational delivery capabilities, these entities have in-country sales organisations, which enable us to engage with local customers. The newly acquired Emerge 360 Japan k.k (Emerge) business has joined the International Segment, with Services delivery locations in Japan, Australia, Singapore and Hong Kong.

These trading entities are joined in the Segment by the offshore Group Service Center entities in Spain, Malaysia, India, South Africa, Hungary, Poland, China and Mexico, and the Professional Services Delivery Center in Romania, which have limited external revenues as they charge the relevant Group subsidiaries for the Services provided.

Financial performance

Performance varied in each of our international trading entities.

The Belgian business had a very strong year across all areas. Our investments of the last few years to increase our capabilities in data center and networking solutions have resulted in good growth in these areas and were rewarded by the prestigious 'Partner of the Year' award from Cisco, as well as the 'Rising Star' award from HPE.

Our Dutch entity also delivered a strong performance for the year, due to an international Technology Sourcing and Services framework contract in the corporate sector and continued good performance in the public sector. Meanwhile, we have completed a reorganisation project and our location strategy, with a full refurbishment of our Amstelveen offices and the start of a project to move our logistics capabilities to a new Integration Center in Moordrecht, with completion targeted for the second quarter of 2023.

Our Swiss operations had a challenging year, as customers reviewed the scope of our main Services contracts after the pandemic. These contracts were large contributors to the Swiss business and to compensate for their reduction, we have further intensified our cooperation with the rest of the Computacenter Group and focused on international clients with a decision-making entity in Switzerland. We have also made good progress in completing our services and solutions portfolio, increased our sales capacity and acquired important certifications to win new customers, such as the ISO 27001 information security certification.

Overall, margins in the International Segment decreased by 338 basis points, with adjusted[1] gross profit decreasing from 23.6 per cent to 20.2 per cent of revenues.

Technology Sourcing performance

Reductions in supply chain delays towards the end of the year gave a boost to the product volumes we could ship to our customers and helped to expedite networking and data center infrastructure projects. Our international product business in workplace remains strong and together with our strategic partners, we identified and onboarded new target customers.

Compared to their local competition, the trading entities in our International Segment can gain an advantage from the Group's Centres of Excellence, which advise, design, build, transition and ensure compliance for large, complex and international hardware and software opportunities. We have seen good examples in Belgium, the Netherlands and Switzerland from international contract wins, thanks to our international capabilities.

Results	2022 £m	2021 £m	Percentage change	2021 £m constant currency[2]	Percentage change
Professional Services revenue	**9.2**	8.5	**8.2%**	8.8	**4.5%**
Managed Services revenue	**83.2**	69.7	**19.4%**	70.9	**17.3%**
Services revenue	**92.4**	78.2	**18.2%**	79.7	**15.9%**
Technology Sourcing gross invoiced income	**174.3**	112.8	**54.5%**	112.9	**54.4%**
Total gross invoiced income	**266.7**	191.0	**39.6%**	192.6	**38.5%**
Professional Services revenue	**9.2**	8.5	**8.2%**	8.8	**4.5%**
Managed Services revenue	**83.2**	69.7	**19.4%**	70.9	**17.3%**
Services revenue	**92.4**	78.2	**18.2%**	79.7	**15.9%**
Technology Sourcing revenue	**144.0**	88.3	**63.1%**	88.8	**62.2%**
Total revenue	**236.4**	166.5	**42.0%**	168.5	**40.3%**
Gross profit	**47.8**	39.3	**21.6%**	40.0	**19.5%**
Adjusted[1] administrative expenses	**(36.5)**	(28.0)	**30.4%**	(28.1)	**29.9%**
Adjusted[1] operating profit	**11.3**	11.3	**–**	11.9	**(5.0%)**

We expect that the global component shortages will reduce in severity during the course of 2023, mainly in the data center and networking areas. The committed order backlog at the year end was £24.2 million of confirmed purchase orders for delivery within 12 months, on a gross invoiced income basis, a 1.5 per cent increase since 31 December 2021 (£23.9 million) in constant currency[2].

Technology Sourcing margins have decreased by 194 basis points, based on gross profit as a percentage of revenue.

Services performance

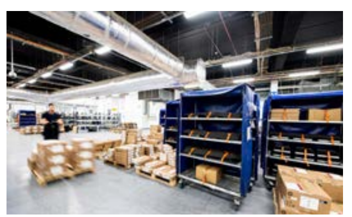
In comparison with the Group's larger Segments, the Services business in the International Segment produced a good performance in 2022.

Our Belgian Managed Services business again had a very strong year, with growth and the renewal of two key international accounts. One of these customers, in financial services, has already trusted Computacenter for 22 years to deliver global end-user Managed Services.

Our Dutch business had a stable year in Services. We grew both revenues and gross profit in our main contracts and have created a good pipeline to establish further growth in 2023.

As mentioned above, our Swiss business saw a significant decline in its two largest Services contracts. The team has therefore focused throughout the year on reviewing the size and structure of our delivery teams. We now have a more flexible and optimised delivery model to meet future needs and we are pleased that we were able to start some projects in the public and corporate sectors.

WINNING TOGETHER FOR OUR PEOPLE AND OUR PLANET



Our Purpose is helping our customers change the world and to support this we build long-term trust with our customers, our people, our partners and our communities.

We have been committed for many years to a responsible Environmental, Social and Governance (ESG) approach, 'Winning Together for our People and our Planet', which underpins Our Purpose. We recognise that the long-term future of our company, our people and our planet relies on an enduring commitment to sustainability.

> We're proud of what we've achieved and we'll continue to improve, invest and innovate. We'll be the best that we can be – a company that our people, customers, partners and communities can be proud of.
>
> **Mike Norris**
> Chief Executive Officer

Carbon neutral for Scope 1 and 2

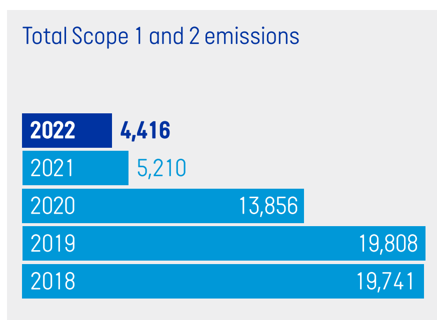
Computacenter achieved its goal of becoming carbon neutral in 2022 for Scope 1 and 2 emissions, supporting our journey to Net Zero.

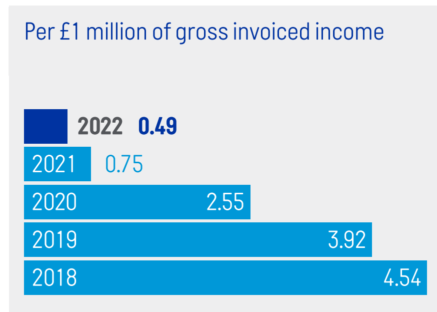
Carbon neutral for Scope 1 and 2 emissions in **2022**

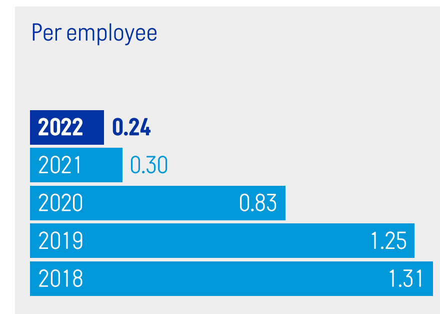
Target to reduce Scope 3 emissions by 50 per cent from 2021 baseline **2032**

Target to be Net Zero by **2040**

Group emissions performance over time (metric tonnes)







People highlights

4,500+
new people hired

82,000
candidate **applications** received

TOP EMPLOYER INSTITUTE
certification retained in **United Kingdom** and **Germany**

INVESTORS IN PEOPLE
award for **leadership and management**

Planet highlights

Computacenter became
Carbon neutral
(Scope 1 and 2) in 2022

>3 million kWh
of electricity generated by our **solar farms**

>78% of **Group electricity** usage is from **renewable sources**

Solutions highlights

112,028 tonnes
of **carbon avoided** through reuse of assets **(redeployment and remarketing)**

1.9 million assets
processed by our **Circular Services division**

617 tonnes
of **reusable raw materials** generated through **industrial recycling**

Winning Together for our People and our Planet

Our Purpose is helping our customers change the world, and to support this we build long-term trust with our customers, our partners, our people and our communities. We have been committed for many years to a responsible Environmental, Social and Governance (ESG) approach, 'Winning Together for our People and our Planet', which underpins Our Purpose. We recognise that the long-term future of our company, our people and our planet relies on an enduring commitment to sustainability.

This is a fundamental part of how we work day-to-day. We focus on the areas that are most important to us and our stakeholders, and where we can make the biggest difference. The strategy has three pillars (people, planet and solutions) and is underpinned by communication, governance, standards and frameworks. Each area is owned by a member of the Group Executive, which ensures alignment and accountability across the organisation, engaging and empowering our people to achieve our sustainability objectives.

Sustainability strategy framework

WINNING TOGETHER FOR OUR PEOPLE AND OUR PLANET

PEOPLE	PLANET	SOLUTIONS
Supporting people and communities Delivering positive social impact, with a focus on our people.	**Ensuring sustainable operations** Taking a responsible approach across our operations, including our direct and indirect environmental impact and oversight of our supply chain.	**Offering sustainable customer solutions** Helping our customers with their sustainability goals through our service offerings with a focus on Circular Services.
Executive owner: Sarah Long, Chief People Officer	**Executive owner:** Tony Conophy, Group Finance Director	**Executive owner:** Mo Siddiqi, Group Development Director

COMMUNICATION

Communication across all stakeholder groups and channels.

Executive owner: Mo Siddiqi, Group Development Director

GOVERNANCE

Underpinning accountability, investment plan, compliance and reporting.

Executive owners: Tony Conophy, Group Finance Director and Mike Norris, Chief Executive Officer

STANDARDS AND FRAMEWORKS

Standards and frameworks

Our Sustainability strategy is aligned to the global standards and frameworks below that are essential for compliance or most relevant to our key stakeholders. In addition, we align to other standards and initiatives as appropriate in specific countries.

United Nations Global Compact (UNGC)
Computacenter has been a proud signatory of the UNGC since 2007 and we are committed to supporting its 10 core principles and embedding them within our supply chain.

Principles 1-6 cover human rights and labour, supported through our people-related policies within the 'people' section on page 42.

Principles 7-9 cover the environment, and we discuss these further in the 'planet' section of our Sustainability section on page 46.

Principle 10 covers anti-corruption and our zero-tolerance approach to bribery and corruption and is addressed on page 53.

ecovadis

EcoVadis
EcoVadis is a sustainability framework that is frequently selected by our customers and partners, and which we have also chosen to use as a key benchmark.

We have achieved both silver and gold EcoVadis ratings in our operating countries. We use the ratings to help inform our key sustainability initiatives and expect to continually improve our ratings in the coming years.

Science Based Targets initiative (SBTi)
Computacenter has committed to this standard for carbon reduction plans aligned to the Paris Agreement, committing to limit the global temperature rise to 1.5°C above pre-industrial levels. Our SBTi submission is expected to be validated by mid-2023.

Task Force on Climate-related Financial Disclosures (TCFD)
This is a mandatory reporting requirement and is covered in detail on page 54.

Carbon Disclosure Project (CDP)
We participated in the CDP and have a score of B, an improvement on our C rating of the previous year. We continue to target further improvements in our rating.

Procurement Policy Notice submission
As a supplier to the UK Government, we are required to have a robust and documented carbon reduction plan. We therefore made the necessary Procurement Policy Notice submission during 2021 and update it annually. This is part of a broader pattern of public sector customers adding criteria for companies to meet, in order to remain eligible to supply goods or services to them.

UN Sustainable Development Goals

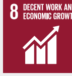
SUSTAINABLE DEVELOPMENT GOALS

We focus on where we can take meaningful action aligned to nine of the UN Sustainable Development Goals:

Ensure healthy lives and promote wellbeing for all at all ages
We will support the mental and physical wellbeing of our employees by ensuring that our people have quality working lives and feel safe and protected.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
We will work to remove barriers that exist in our local societies, creating employment, training and educational opportunities.

Achieve gender equality and empower all women and girls
We will continue to work towards achieving a balanced gender mix in a male-dominated industry.



Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all
We will maintain high standards of employment for our people and will work with our supply chain to build resilience and decent work.

Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation
We will act responsibly as a business to make a positive impact within our industry and wider communities.

Reduce inequality within and among countries
We will continue to foster an environment which enables employees to speak openly and ensure they have the knowledge they need to promote a positive and inclusive environment for all.

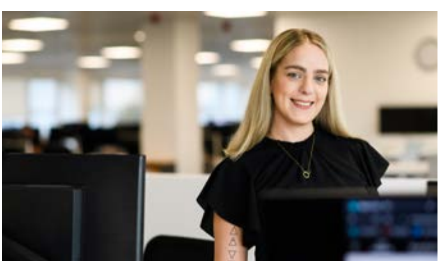
Ensure sustainable consumption and production patterns
We will work with our technology vendors and customers to promote sustainable technology sourcing, supported by our own Circular Services solutions.

Take urgent action to combat climate change and its impacts
We will continue to take action to reduce our climate impacts, both direct and indirect, aligned to Science Based Targets.

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels
We will continue to be an ethical business while being mindful of the impact we can have on people and communities.

PEOPLE

Our business is about technology. But first of all, it's about people.



With over 20,000 employees across 23 countries, and an average length of service of seven years across the Group, our ambition as an employer is to attract, retain and develop the best talent in the market to deliver service excellence for our customers.

8.73%

increase in **women leaders** since 2020

Special recognition award for

WELLBEING

Inspiring Workplaces EMEA 2022

4,500+

new people hired

82,000

candidate **applications** received

TOP EMPLOYER INSTITUTE CERTIFICATION

retained in **United Kingdom** and **Germany**

Rated by **Glassdoor** as one of the

50 BEST COMPANIES

to work for in the United Kingdom

Rated by **Kununu** in the

TOP FIVE PER CENT

of companies in Germany

INVESTORS IN PEOPLE

award for **leadership and management**

Attracting talent

Talent acquisition

In an extremely competitive talent market across the globe, we have continued to build our team, hiring over 4,500 new starters in 2022, with particular growth in Germany, India, the United Kingdom, the United States and South Africa.

These achievements were made possible by developing capability and building more experienced teams through insourcing contracts, team development and employer branding awareness campaigns. As a result, we were able to increase our global application numbers again by more than 60 per cent, to approximately 82,000.

We have continued to receive external recognition, including:

- Reaccreditation by Investors in People in the United Kingdom to silver level.
- Being rated by Glassdoor as one of the 50 best companies to work for in the United Kingdom.
- Being ranked in the top five per cent of companies on Kununu, a German employer rating platform.

Future Talent 2022

Our Future Talent programmes develop the next generation of professionals through an innovative, focused and flexible approach to apprenticeships, industrial placements and graduate programmes. In 2022, we increased our intake across these important early-career programmes, with 447 hires across four countries, of which 36 per cent were women.

Talent management and learning

Development of our people remains an investment focus, to ensure we provide continuous growth opportunities for them. Our learning culture means we ensure that our people engage in continuous, career-long development.

- **Future Focus**, our continuous performance management tool, allows employees to drive their own development plans with the support of their managers. This has assisted us in supporting our people with their achievement of over 4,000 technical certifications in 2022.
- **Career pathways** provide guided learning, built around the skills and competencies required for each role, allowing our people to grow individually as they develop their careers.

Our development programmes and pathways contributed to over 1,500 internal promotions in 2022.

Fostering engagement

We know that engagement is key to our success and that highly engaged employees help us deliver better outcomes for our customers. We have several forums for engaging with our people including Works Councils in seven countries across Europe, a UK National Forum, 13 recognised trade unions, and over 200 elected employee representatives. In other countries the employee voice is represented by people panels and employee groups.

Ros Rivaz is our nominated Non-Executive Director aligned to our people and regularly engages with employee groups from across the business, reporting feedback and insight directly to the Board.

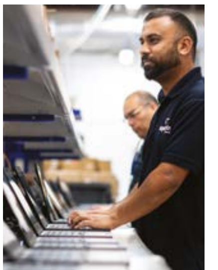
Group employee engagement survey

Our comprehensive global employee survey reviews all aspects of how our people feel about working at Computacenter. The survey is undertaken every two years, most recently at the end of 2021, and enables our managers, supported by the Human Resources (HR) team, to develop action plans for their specific areas. Using this feedback from our people, we have completed over 1,300 improvement actions during 2022 across the Group.

Winning together days were a key part of our ongoing engagement programme during 2022. Held every month during the last quarter, in every country on the same day, winning together days brought people together in our offices to connect, collaborate and engage. We encouraged our people to be together to learn and have fun, creating that energy we get from being together, and allowing those who joined us during the last two years an opportunity to experience the in-person Computacenter culture.

Developing leaders

Our leaders are our role models, stewarding our responsible business for the long term. Our values underpin our leadership principles of collaboration, inclusion, an open mindset, innovation, and leading as a coach, and guide our leadership recruitment and development programmes. During 2022 our leaders completed over 1,000 development courses, with our overall approach to leadership development being recognised in the United Kingdom by the Investors in People award for leadership and management.



I'm a big advocate of lifelong learning and have really benefited personally from career mobility within Computacenter over the course of my own career. No matter where you are in your career, chances are you will need some support for the next step – pathways can show you the way!

Pierre Hall
Professional Services and Technical Resources Group Director

PEOPLE continued

Diversity & inclusion (D&I) and wellbeing
At Computacenter we define our approach to D&I in the following way:

- **Diversity:** Making sure that all our systems and processes, and our organisational culture, allow us to attract, retain and promote diverse talent.
- **Inclusion:** Creating a working culture where everyone can be themselves, where they are valued, respected, and supported to reach their full potential and have a sense of belonging.

In our last employee survey, we achieved positive inclusion results, demonstrating that our people believe we support equality of opportunity and that they can be themselves at work.

In November, we were delighted to welcome René Carayol as an Independent Non-Executive Director. René's extensive inclusive leadership work will help shape and guide us as we further develop our D&I programmes.

Our Equality and Respect at Work policies support our commitment to zero tolerance of discrimination relating to someone's personal attributes, including race, colour, religion, sex, sexual orientation, gender identity or expression, national origin, age, disability, marital status, pregnancy, citizenship, genetic information, socio-economic status, caste or any other personal characteristic, trait or status that is protected by law. Any concerns can be raised through our in-country grievance processes or in accordance with the Group Speak Up (whistleblowing) policy.

Equal opportunity at Computacenter extends to all aspects of the employment relationship, including hiring, promotions, working conditions, compensation and benefits. As detailed in our Recruitment and Pay policies, all decisions are made using objective standards based on qualifications and experience as they relate to the role.

To focus our D&I work we target six pillars developed by our people, ranging from gender and culture to life balance. Our dedicated D&I manager works closely with our HR managers and business partners to embed D&I into our people plans. During 2022, we continued our journey around D&I by embedding conversations about diversity and inclusion into everything we do, through training and learning opportunities, events and communications, and our policies.

Highlights include our 'Inclusion Series' webinars, providing a forum for our people to share and learn about a focus topic, including Generations and Pride. We also piloted new inclusive leadership training, focusing on making inclusion real, and building and fostering an inclusive culture.

> Being a woman in engineering is very rewarding – it gives you a great sense of accomplishment when you fix something. I wish I could have got into IT at a younger age. Engineering is so much more than 'switching it off and on again'.
>
> **Danielle,** Customer Engineer, Technical Resources Group North

We are committed to ensuring that our disabled employees have equal access to opportunities. We have improved our data systems, enabling us to analyse disability-related recruitment trends in each location and identify areas for improvement.

- In the United Kingdom, as a Disability Confident Employer, we are committed to ensuring our recruitment process is inclusive and accessible.
- In France, we work with the Association de Gestion du Fonds pour l'Insertion Professionnelle des Personnes Handicapées (AGEFIPH), which promotes the employment of people with disabilities in France, to improve our disability policy.
- In Germany, we work with the Federal Employment Agency to ensure that all open vacancies are posted on its job board and are accessible to disabled people. Our internal severely disabled committees (SBV) are informed and are involved in the application process of applicants with disabilities.

Gender diversity
Computacenter is passionate about encouraging more women to join our industry, and supporting our women employees to reach their goals and role model the possibilities for future generations. In support of this we have developed specialist personal and leadership development opportunities:

- Our **Growing Together** programme supports this for our mid-level women employees. The programme focuses on networking, engagement and education. Over 130 women employees have participated in this programme so far, and further cohorts are already planned for 2023.
- Our **Leading Together** programme, supporting our most senior women (those that operate at two levels below the Group Executive) from across North America, the United Kingdom, France and Germany, saw a cohort of 11 participants in 2022.

We are building a strong pipeline of women talent who are empowered and equipped to play a significant role in the leadership of our business.

We sponsor a number of awards and events to help influence the industry in this space, including FDM Everywoman in Tech, CRN Women in Channel and The Athena Hackathon. We are extremely proud that we have continued to receive recognition of our brilliant women talent at the CRN Women in Channel Awards 2022 and were again named as a top employer for women in Germany by Brigitte magazine.

Our focus on balancing gender diversity is evidenced by the progress that we made in 2022. 57 per cent of our most senior joiners were women during the year.

The table below shows our gender diversity at the year end:

	2022		2021	
	Women	**Men**	Women	Men
Board	**3**	**6**	3	6
Senior managers	**34**	**83**	28	94
Other employees	**5,495**	**14,476**	4,726	13,135
Total	**5,532**	**14,565**	4,757	13,235

Wellbeing

Computacenter is dedicated to creating a workplace that promotes positive physical and mental wellbeing; this is a critical component of how we support our employees, with the importance of this coming to the forefront during the global pandemic. Our strategy for wellbeing encompasses immediate support as well as long-term positive and preventative approaches, to help our people at work and at home.

We have an Employee Assistance Programme in each country, enabling our people to access specialist wellbeing support with over 3,000 fitness, nutrition, and health and wellbeing courses through the Humanoo 'Be Well' mobile app.

Our Healthy Leadership training for managers provides expert advice and guidance on how to identify signs of individual and team stress and look after the wellbeing of their team. A new Advanced Healthy Leadership training module is currently being developed. Computacenter is also part of the National Forum for Health and Wellbeing, a UK charity that specialises in helping local communities take more responsibility for protecting and managing their own health.

We were proud to have received a special recognition award for wellbeing at the 'Inspiring Workplaces EMEA 2022' awards. We were also pleased to have attained 'Achieving Change' status in the Mind Wellbeing Index 2022.

Employee Impact Groups

We want our people to have the opportunity to influence and create a working culture they are proud to be part of. Our Employee Impact Groups (EIGs) give employees the opportunity to help shape and drive sustainable change. Our first EIG focuses on ethnic diversity in the UK. In 2022, it led a wide range of activities including a 'Breaking Barriers' event, co-hosted with CRN, where 195 professionals from the sector joined expert speakers and industry leaders to share advice and best practice in making our industry more inclusive to people from ethnic minority backgrounds.

We are creating country-specific EIGs focusing on in-country priorities such as gender and wellbeing. Each group has an Executive sponsor aligned with representation from all areas of the business.

Reward and recognition

Pay for performance is at the heart of our reward philosophy, and we align remuneration with each employee's contribution while meeting applicable legislative requirements, including national minimum wages and equal pay. Pay reviews are undertaken annually for all Group employees as detailed in our Pay Policies.

Our global recognition tool 'Bravo!' helps us to foster a high-performance culture through recognising and rewarding one another's great performance. It has been a crucial component of employee engagement since March 2020, and we were proud that the scheme was shortlisted in the Employee Benefits Awards 2022 for 'Best motivation or recognition scheme'.

Bravo! provides a platform to enable instant peer-to-peer recognition. Employees can nominate colleagues for awards, recognising exceptional performance. In total, 12,500 Bravo! awards were issued in 2022, including 16 gold awards, which represent the highest-level of global recognition with the recipients selected by a panel of senior managers. The scheme also allows employees to donate the value of their rewards to one of our chosen charities.

Supporting our people through economically turbulent times

In addition to our annual pay awards made in January each year, we applied a further one per cent pay increase globally to employees in April 2022 and our pay planning for 2023 has ensured that we focus attention to gear awards to the lower paid in our workforce. Our approach to wellbeing, diversity and inclusion and our policies have been updated in line with the 'Business in the Community' guidance to ensure that we are doing what we can during these turbulent times to support our people, including financial awareness and support training.

Supporting communities

We recognise the importance of delivering social value for our communities and we support our people to take part in activities where they can make the most difference.

We are also committed to support for our wider communities and re-signed the United Kingdom Armed Forces Covenant, achieving Bronze in the United Kingdom's Defence Employer Recognition scheme in 2022. In the United Kingdom we are recognised as an armed forces friendly employer.

Inspiring future generations

To attract diverse talent, we continue to run outreach programmes with schools, universities and charities, promoting awareness of women in technology, attracting minority ethnic talent, people with disabilities, and young people from disadvantaged backgrounds. In addition, we offer a unique mentoring programme and career changer programme for women candidates interested in technology roles.

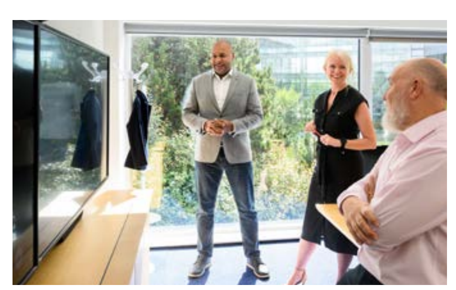
Over 140 employee volunteers in the UK supported our educational outreach programme, Bright Futures, during 2022, reaching over 34,000 students and young adults. The Bright Futures mission is to support the next generation of young people by inspiring them to follow a career in technology.

Working with charities

We support initiatives to raise money for charities, including activities proposed and run by our employees. We achieve fundraising through donations, events and Give as You Earn options.

Some of the highlights from 2022 include:

- Over 40 charities donated to through our company supported fundraising activities and donations.
- £37,000 donated to Unicef in connection with the 'CC Big Walk' wellbeing challenge.
- £65,000 donated to the Disaster Emergency Committee Ukraine appeal.
- Local volunteering activities including food bank donations in the United Kingdom, beach clean-ups in North America and the donation of provisions for Ukraine.



PLANET

Ensuring sustainable operations

> We continued to make good progress towards our Net Zero goal, with a further reduction of 15 per cent in our Scope 1 and 2 carbon emissions in 2022.
>
> **Tony Conophy**
> Group Finance Director

We have a longstanding commitment to sustainable operations and take a responsible approach to reducing our direct and indirect environmental impacts.

>78% of **Group electricity** usage is from **renewable sources**

Computacenter became **Carbon neutral** **(Scope 1 and 2)** in 2022

>3 million kWh of electricity generated by our **solar farms**

Our targets

Target	Timing	Status
Carbon neutral for Scope 1 and 2	**2022**	**Complete** Achieved through increases in our own renewable energy generation, continued investment in energy efficient solutions, increasing the use of renewable energy sources and carbon offsetting credits.
50 per cent reduction in Scope 3 emissions from 2021 baseline	**2032**	**On Track** Scope 3 emissions include all other indirect emissions, such as our business travel and transportation, as well as those from sources that we do not own or directly control, including our supply chain which constitutes most of our Scope 3 emissions.
Net Zero for Scope 1, 2, and 3	**2040**	**On Track** Computacenter has committed to this standard for carbon reduction plans aligned to the Paris Agreement, committing to limit the global temperature rise to 1.5°C above pre-industrial levels. Our SBTi submission is expected to be validated by mid-2023.

Emissions performance over time (metric tonnes)*

Results	2016	2017	2018	2019	2020	2021	**2022**
Total Scope 1 and 2 emissions	25,518	22,662	19,741	19,808	13,856	5,210	**4,416**
Per £1 million of gross invoiced income	6.94	5.97	4.54	3.92	2.55	0.75	**0.49**
Per employee	1.68	1.62	1.31	1.25	0.83	0.30	**0.24**

* Certain prior-year numbers have been recalculated in line with our latest chosen intensity measurement methodologies.

Our commitment is demonstrated by the targets that we have set for ourselves, and through the initiatives that we have established as part of our Sustainability strategy under the guidance of our Climate Committee.

Our Climate Committee meets at least four times each year and leads our approach to reducing our environmental footprint. It is chaired by the Group Finance Director and includes Group managers and senior employees with specific environmental interests. The Committee debates and proposes initiatives, with material investments then approved at Group Executive level and communicated through our Sustainability communications framework.

Our roadmap to achieve Net Zero in 2040 is underpinned by Science Based Targets and includes the following initiatives:

- Continued investment in renewable energy, self-generating power solutions and reducing consumption through both implementing better technology products in our own environment and enhancing the efficiency of our facilities.
- Managing a continued reduction in Group travel through a mixture of incentives, travel levies and technology-supported hybrid working and collaboration.
- Working with our technology vendors on their own journey to Net Zero, to ensure that the products we purchase for resale do not increase our carbon footprint. Most of our technology vendors are among the global leaders in the industry and share our commitment to Net Zero.
- Working with our wider supply chains to ensure they are aligned to our 2040 target and hence reducing emissions in areas such as transportation.
- Utilisation of our Circular Services operations to avoid carbon consumption with the reuse of technology assets and extraction of raw materials through redeployment, remarketing and recycling.
- Widening the adoption of our Circular Services portfolio with our customers, to enhance their carbon avoidance.
- Offsetting remaining emissions that cannot be removed using accredited Gold Standard (GS) carbon removal schemes. The GS is a voluntary carbon offset programme focused on progressing the United Nation's Sustainable Development Goals and ensuring that projects benefit their neighbouring communities.
- We will regularly review and refine our roadmap based on Science Based Targets, to ensure that the evolution of standards in this area is reflected in the initiatives we prioritise.

Energy usage

In 2022, the Group consumed 9.7 million kWh of Scope 1 energy (United Kingdom operations: 2.8 million kWh), up from 9.3 million kWh (United Kingdom operations: 3.7 million kWh) in 2021. It also consumed 35.8 million kWh of Scope 2 energy (United Kingdom operations: 17.5 million kWh), down from 38.5 million kWh (United Kingdom operations: 19.2 million kWh) in 2021.

We have benefited from electricity generation from our solar panel installations in Hatfield, United Kingdom, Kerpen, Germany, and, more recently, the 2022 installation in Livermore, California.

In total we generated over 3 million kWh of our own electricity in 2022, avoiding 1,254 tonnes of annual CO_2e.

In addition to generating our own electricity, we source renewable energy for our operations in the United Kingdom, Germany, Spain and the United States. In total, we consumed 24.9 million kWh of renewable energy in 2022, avoiding 10,847 tonnes of annual CO_2e.

We continue to find ways to reduce our energy usage, including enhancing the energy efficiency of all new and refurbished facilities and choosing office equipment solutions such as PCs and peripherals with reduced power usage.

Travel

We have a target to reduce emissions from business travel by up to 35 per cent by 2025, compared to the baseline in 2019. While the target remains challenging to achieve given the Group's growth, we continued to progress towards it in 2022, achieving a 50 per cent reduction in carbon emissions from flights and hotel rooms compared to the 2019 baseline.

While travel remains an unavoidable part of conducting business, all trips are considered both in terms of their necessity and the associated carbon emissions impact of the chosen travel plan.

- We introduced a travel levy in 2021 for all flights and hotel bookings across the Group, the proceeds of which are used to offset the travel element of our Scope 3 emissions. From October 2021 to December 2022, we generated c. £280,000 from the travel levy.
- When employees book flights they can see the associated carbon emissions on the flight booking system.
- We implemented a programme in Germany to substitute internal flights with first class train travel, as the national railway company Deutsche Bahn achieves Net Zero emissions through offsets.
- We continue to install electric vehicle charging points at our sites as demand increases.

Materials usage

Materials include the packaging we use in our Integration Centers and the packaging our technology vendors use when transporting goods to us. This category also includes items we mail and our use of single-use plastics.

- Some manufacturers supply cardboard-based internal packaging and have significantly reduced their plastic content.
- Nearly all plastic bags are now either retained to be re-used or separated and collected for dedicated plastics recycling.
- We regularly hold discussions with our technology vendors about their use of packaging materials, and are exploring improved models for our own packaging solutions.
- We send as little waste as possible to landfill and closely monitor recycling performance for materials such as plastics, paper and cardboard.

Electricity generated by our own solar installations

kWh of renewable energy (million)	**Established**	**2022**	2021
Hatfield, United Kingdom	2020	**1.7**	1.8
Kerpen, Germany	2021	**1.1**	0.03
Livermore, California	2022	**0.25**	n/a

PLANET continued

e-invoicing and pre-printed stationery

We send around 100,000 sales invoices each month. In general, the need for printed materials and documents has significantly reduced as they have been replaced with electronic systems and collaboration tools

- In excess of 90 per cent of our UK invoices are sent electronically.
- 88 per cent of our German invoices are sent electronically.
- Pre-printed stationery production has ceased across most of the Group.

These measures increase efficiency, reduce cost and reduce our environmental impact.

Energy-efficient lighting and equipment

All new offices have enhanced energy efficiency as standard.

Refurbishment and upgrade activities across all locations are subject to efficiency planning to contribute to a reduced environmental impact.

Greenhouse gas (GHG) emissions

The Group is required to state the annual quantity of emissions from its activities, in tonnes of carbon dioxide equivalent, which can be found below. Further details of our environmental policies and programmes can be found on our corporate website: computacenter.com.

Global GHG emissions

(metric tonnes of CO_2e)

	2022	2021	2020
Scope 1	**1,979**	1,908	5,640
Scope 2	**2,437**	3,302	8,216
Total	**4,416**	5,210	13,856

Scope 1 includes: combustion of fuel and refrigerants loss. Scope 2 includes: electricity, heat, steam and cooling purchased for own use.

Scope 1 and 2 emissions fell from 5,210 metric tonnes of CO_2e in 2021 to 4,416 metric tonnes in 2022, a reduction of 15 per cent.

The Group's UK operations accounted for 29 per cent of the Group's Scope 1 carbon emissions (36 per cent in 2021), and zero per cent of the Group's Scope 2 carbon emissions in 2022 (14 per cent in 2021).

The Group's chosen intensity measurements for emissions as reported above are:

- 0.49 metric tonnes per £m of gross invoiced income (2021: 0.75 metric tonnes), a reduction of 34.9 per cent.
- 0.24 metric tonnes per Group employee (2021: 0.30 metric tonnes), a reduction of 20.0 per cent.

Logistics

We use logistics services to deliver products to our customers. Minimising the environmental footprint and the cost of these services requires us to employ the Integration Center nearest to the customer's premises.

As previously noted, we have negotiated with many UK customers to fulfil deliveries to their EU operations from Kerpen rather than Hatfield. This has the additional benefit of avoiding post-Brexit challenges at the border.

We are working with our various logistics suppliers to ensure that they are maximising the impact of their own sustainability strategies through, for example, the use of low emissions vehicles.

While direct shipping from technology vendors can be used where appropriate, the efficiency of our Integration Center model, and our ability to manage stock availability, packaging waste, equipment configuration and staging activities consistently across our Integration Centers, ensures efficiency and minimised environmental impact, and remains the preferred choice of many of our international customers.

Methodology

This activity has been conducted as part of our UK EMS ISO 14001:2015 standard (EMS 71255). We have used the main requirements of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). Emission factors used are from the UK Government's Conversion Factors supplied by Department for Environment, Food & Rural Affairs (DEFRA). We have different factors for each country, as electricity generation and CO_2e efficiency vary by country. External consultants assisted with the implementation of our methodology which we continue to further refine and develop internally, to include the full requirements to collate the additional emissions, such as refrigerants.

We have reported on all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. Group properties included in this report are all current locations in the United Kingdom, Germany, France, Belgium, Spain, South Africa, United States, Canada, Switzerland, Malaysia, Hungary, Mexico, India, Poland, and the Netherlands.

Limitations to data collection

Less than 5.0 per cent of emissions were estimated or based on an average energy usage per square foot of space occupied.

Environmental policy

The Group has an environmental policy, which we enact through an Environmental Management System (EMS) certified to International Management standard BS EN ISO 14001:2015. The environmental policy requires us to identify our significant environmental impacts and provides the framework for setting targets and objectives. We are not aware of any breaches of the policy in 2022.

Packaging waste regulation

Computacenter UK is registered as a distributor of product via the compliance company Paperpak, ensuring we have fully complied with this regulation since 2000.

Energy Savings Opportunity Scheme (ESOS)

Computacenter complied with this legislation by submitting its energy report, which covered the period 1 April 2018 to 31 March 2019. The next submission is required in 2023.

RESPONSIBLE BUSINESS

Health and safety

We are committed to providing safe and healthy workplaces. Our policy is that, so far as is reasonably practicable, we will create and maintain an environment that is committed to eliminating or reducing health and safety risks to employees, customers, suppliers, contractors, visitors and members of the public.

Our approach to health and safety is based on identifying and controlling hazards and preventing incidents, particularly those involving personal ill-health, injury and damage to equipment or property. We also investigate near misses, as an essential part of preventing future incidents.

It is vital that everyone concerned is made aware of their responsibilities for implementing our health and safety policy. All line managers are required to ensure that the policy is implemented within their areas of responsibility and employees must take reasonable care of their own health and safety, and that of others who may be affected by what they do. Failing to observe the policy can result in disciplinary action.

We have continued to support our people in workplaces by providing appropriate face masks, cleaning materials and hand sanitisers throughout these facilities. The table opposite shows the health and safety performance of our United Kingdom, Germany, and France businesses. The Accident Incident Rate (AIR) is the number of accidents per 1,000 employees and the Accident Frequency Rate (AFR) is the number of accidents per 100,000 working hours.

Health and safety statistics

	AIR		AFR	
	2022	2021	**2022**	2021
United Kingdom	**1.05**	0.87	**0.19**	0.87
Germany	**2.69**	1.99	**0.16**	1.99
France	**2.45**	0.69	**0.45**	0.69

We have continued to offer health and safety training, for example covering display screen equipment, manual handling, environmental awareness, and safe driving. The Group has continued to comply with all relevant health and safety legislation in all the countries in which we operate. This is monitored using appropriate tools, controls and measures, which form part of our overall compliance management system.

Supply chain

We work with a diverse set of suppliers, who play a key part in the success of our business. When selecting suppliers, we ensure that our terms of engagement are clear and that they support both our Group values and our wider sustainability objectives.

Onboarding of suppliers for most countries is managed by the Supplier Contract Management team. The team uses a standardised onboarding process, which from 2022 is underpinned by a new supplier management platform to drive greater consistency, automation and visibility. Among other things, this validates that the request to add the supplier complies with our Business Ethics Policy, obtains a supplier self-assessment on several topics, including sustainability issues, and highlights to prospective suppliers key Computacenter policies, such as IT Security, Anti-Bribery and Corruption and our recently updated Supplier Code of Conduct. This code of conduct sets out the 10 principles in the UNGC, which include human rights, modern slavery, anti-bribery and corruption, and environmental matters. Suppliers are asked to sign up to our Code of Conduct, or confirm that their own ways of working align with the code.

Human rights and modern slavery

Our commitment to human rights means we have adopted the principles of the leading international standards and conventions across our business dealings, in particular the UN Global Compact (signatories since 2007), the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Conventions on Rights of the Child, and fundamental conventions of the International Labour Organization (ILO), and understand our responsibility to respect and support human rights. For Computacenter, our human rights considerations fall within two areas: (i) protecting the rights of our employees and, (ii) ensuring that we are not complicit in human rights abuses within our supply chain.

The human rights of our employees are addressed by our people policies and our understanding of and compliance with local labour laws wherever we do business. This also includes our Health and Safety, Respect and Equality at Work policies, and our disciplinary and grievances processes. In addition, our Group Ethics Policy sets out our commitment to observing the highest ethical standards in our business conduct as these relate to the rights and treatment of individuals.

In relation to our supply chain, we progressed throughout 2022 with the implementation of an industry-recognised and dynamic third-party due diligence system. Since the system went live in 2022, new suppliers within our larger countries have progressed through the advanced due diligence process that this has enabled. In our North American business, all suppliers and partners are assessed through an equivalent system. The due diligence systems enable the collection of comprehensive vendor due diligence prior to their inclusion within our supply chain. Issues arising are referred to Group Compliance. One of the areas covered in the due diligence conducted focuses on human rights and modern slavery-related risk.

In addition to our due diligence activities, all potential suppliers are required to comply with our Supplier Code of Conduct, which clearly sets out our requirements within both the modern slavery and wider compliance environment and outlines standards that we require of our suppliers within their business operations. As part of the Code of Conduct, suppliers are required to notify Computacenter of any breach of these standards and to take appropriate steps to remedy them.

Our Group Speak Up (whistleblowing) policy explains how our people can report any concerns they may have through our externally provided, independent hotline. This is included in our Supplier Code of Conduct and enables the reporting of any suspected modern slavery, or other human rights issues within our supply chain, on an anonymous basis if requested. Any concerns raised are fully investigated, with oversight from the Director of Group Legal and Compliance and Chief People Officer. In 2022, there were no issues within the Company that related to modern slavery or human trafficking amongst our people or in our supply chain.

Anti-bribery and corruption

Computacenter has a well-established anti-bribery and corruption compliance framework. This is underpinned by our Ethics Policy which, together with specific Anti-Bribery and Corruption and Fraud policies, provides a clear set of rules and expectations that are applied across our business. This is supported by employee training, guidance documentation, further role-based training, and communications. The framework is overseen by the Group Legal and Compliance Director and our Compliance Steering Committee. It is regularly audited by our Internal Audit function. The framework is supported by the externally managed, confidential whistleblowing hotline provided by Safecall, an industry-recognised provider of such services, available to our people and supply chain.

We continued to reinforce our zero-tolerance approach to bribery and corruption throughout 2022, providing training as an integral part of our induction process and ensuring continued awareness of our whistleblowing hotline across the Group. This ensures that all employees, contractors, third parties and suppliers know that they can report any issues on a confidential basis. No material breaches of our policies were identified during the year.

To ensure that our compliance strategy remains appropriate for counterparties within our supply and value chain, we have implemented due diligence procedures in this area that reflect the risks of doing business with a particular counterparty or in a particular location or sector. We have a process for proposed activities in new countries that assesses countries against the Transparency International Corruption Perceptions Index for prevalence of corrupt practices, to ensure that our compliance framework in this area is appropriate for any new operations. We have, as part of a wider initiative, introduced a due diligence tool into our supplier onboarding process within larger countries. In addition, we have introduced a process, operated by our United Kingdom and EU trade compliance teams, that gathers additional due diligence information in relation to specific customers with links to certain countries and individuals.

SOLUTIONS

Offering sustainable customer solutions

Our customers not only expect Computacenter to be a sustainable supplier and partner but also to help them to achieve their own sustainability goals. Our activities here are in three areas: Circular Services, Technology Advisory and Asset Lifecycle Services.

112,028 tonnes

of **carbon avoided** through reuse of assets **(redeployment and remarketing)**

1.9 million assets

processed by our **Circular Services division**

617 tonnes

of **reusable raw materials** generated through **industrial recycling**

Circular Services

In a traditional linear economy, goods are made, used and then disposed of. The circular economy means that we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life.

Our subsidiary R.D. Trading Limited (RDC) is responsible for our Circular Services offering. The bedrock of the service is the audit, data-wiping and safety testing of every customer asset. Once in our system, the circular journey can then begin, bringing to customers the benefits, both financial and environmental, of redeploying, remarketing or recycling their old equipment. Putting customer assets to good use elsewhere within their business through redeployment saves money and carbon against purchasing new. Likewise, remarketing all functional assets that are no longer required generates cash, as well as reducing the carbon footprint of third parties buying new. In addition, recycling all the equipment that is too old or damaged removes potentially harmful materials from landfill, whilst extracting metal and plastic products that can be reused in manufacturing.

RDC has established a robust methodology for accurately measuring and reporting on our end-to-end recycling management approach, with whole recycling facilities dedicated to testing, measuring and filming of controlled batches of our customers' scrap, including systems, screens, servers, networking devices and printers. This has enabled us to provide detailed records of metal, circuit board and plastic material extracted from the waste stream.

Combining redeployment, remarketing and recycling with secure logistics and data management into an integrated package is at the core of Circular Services.

RDC's capabilities are backed up by Circular Services delivered in Germany from our Kerpen Integration Center and recent acquisition, ITL logistics. We extend these capabilities with partners worldwide to align with Computacenter's international coverage.

Technology Advisory

Our role as both a trusted independent technology advisor and provider of Technology Sourcing for our customers puts us in a unique position to help customers drive their sustainability strategies through a number of services across the entire lifetime of an asset.

Selection of the most sustainable technology products

As one of the world's largest VARs, we work with all the leading technology suppliers and make available Electronic Product Environmental Assessment Tool (EPEAT) and EnergyStar energy usage ratings for the products we supply to our customers, and identify other sustainability metrics that help to contribute to each customer's specific goals. We also work with customers to help quantify the carbon footprint of their existing deployed IT estate, enabling them to understand and address the environmental impact as part of future change and deployment initiatives.

Supporting technology vendors

We work closely with our technology vendors to understand their sustainability strategies, help them to achieve their sustainability goals and help our customers to make informed decisions. We are proud to have been recognised by HP as a Sustainability Partner, and to have achieved the new Cisco Partner Environmental Sustainability Specialized in 2022.

Sustainable supply chain options

We are the VAR with what we believe to be the best international capability in the world and this allows us to help both our customers and technology vendors to leverage our Integration Centers in different regions for local supply rather than export, where possible. We still have work to do with both our customers and technology vendors to further minimise the need for export solutions, and we continue to build the local capabilities to support this objective.

Asset Lifecycle

We help our customers to deploy and manage their technology assets in line with their business needs and sustainability goals.

Sustainable deployment

We offer a range of services to allow customers to deploy technology with the minimum environmental impact. These include our trolley and flight case services, which allow us to deploy at scale in offices but remove packaging from technology (laptops, network devices and servers) at our Integration Centers. These services increase efficiency, reduce local engineering effort, and provide environmentally friendly waste disposal at scale.

> 2022 saw growth across our Circular Services portfolio. Customers cleared stores of equipment maintained during the pandemic, which increased remarketing revenues. There was also a surge in demand for international Circular Services capability, which has continued into 2023.
>
> **Gerry Hackett**
> Managing Director
> RDC (a Computacenter company)

Ways of working for users

Technology is a huge enabler for our customers to allow different ways of working for their users. We provide workstyle analysis to support the design of optimum solutions, which include the use of our Tech Centers and secure locker collection to minimise travel, logistics and field force deployment. These approaches can all contribute to a sustainable hybrid working strategy and reduce the environmental impact of IT service support.

Asset management

Using our SmartHub platform, we can provide customers with better data about their assets including length of life, configuration and update status. This information enables customers to make more informed choices about redeployment and replacement, usually extending the life of most assets covered.

Device as a Service

Our asset lifecycle services have been brought together into our DaaS offering, through which we manage the whole lifecycle of assets for our customers. This service leverages sustainability principles that help our customers to address environmental impact, risk management and efficient use of their IT asset estates.

SOLUTIONS continued

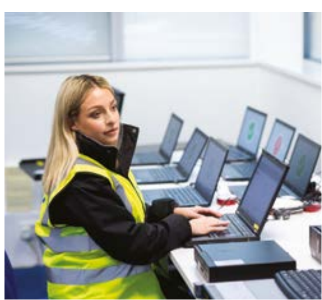
Braintree, United Kingdom
Our Circular Services Integration Center in Braintree is supplemented by facilities in Germany and partners worldwide.

Redeployment

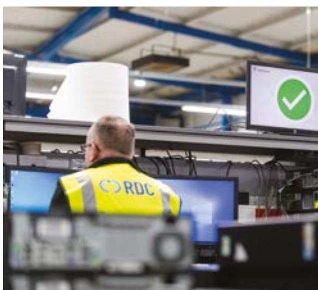
Remarketing

Recycling

On-site data sanitisation



Technical processing



Secure transport

Secure environment

GOVERNANCE

Ethics and Compliance

Our approach to governance, ethics and compliance helps us to maintain and monitor a culture of high standards of behaviour to achieve our long-term goals in a sustainable, lawful, and ethical manner, allowing us to maintain the trust of our customers and employees alike.

It reflects our Winning Together Values, and our focus on building and protecting value for our stakeholders over the long term. We are a dynamic and agile organisation dedicated to serving the needs of our customers and helping them to change the world. We enable our people to respond flexibly and quickly in their interactions with our stakeholders and we view this as a key area where we can build competitive advantage.

It is therefore critical that our people have clarity and a good understanding of how they should make decisions, the factors they should consider when doing so, and how they can ensure that their behaviour when representing Computacenter accords with our culture and the risk appetite of the organisation, as set by the Board. Our people are central to our growth and development as an organisation. It is therefore incumbent on us to ensure that we educate and inform them through policy, guidance, training, and communications that enable them to fulfil their duties in an ethical, lawful, and sustainable way.

Given the nature of our business as a technology and services provider, our customers trust us to act lawfully and with integrity in all that we do. The way that we behave reflects not only on Computacenter, but also upon our customers. As part of our commercial dealings, we often make promises to them around compliance and ethics. Our values require us to do all that we can to keep those promises.

Our commitment to do the right thing extends to those who produce goods or provide services directly to us, or to third parties on our behalf. This includes ensuring the integrity of our supply chain. In 2022, we introduced a comprehensive Supplier Code of Conduct which will be approved by the Board moving forward on a bi-annual basis, alongside the Group Ethics Policy. It reflects our significant growth, in size, complexity and geographic location, and provides clear guidance for our suppliers as to our expectations around the way that they operate.

We adopt a Group approach and have identified a number of key areas on a risk-assessed basis. Through this we ensure consistency and clarity across the organisation, with local variations where required by law or other relevant considerations.

Our approach aims to ensure that our people are not only aware of their responsibilities, but they understand how to apply these within their day-to-day role and activities at Computacenter. Communications and training are critical in achieving this. In 2022, significant progress was made in developing training modules and related communications across areas including anti-bribery and corruption, modern slavery, whistleblowing, trade compliance, data protection and cyber security.

Computacenter has a well-established compliance framework. This is underpinned by a complete set of Group-wide policies covering our key compliance areas, providing a clear set of rules and expectations and how these apply across our business. This is supported by mandatory employee training, guidance documentation, role-based training and multi-channel communications. The compliance framework is overseen by the Group Legal and Compliance Director and our Compliance Steering Committee. It is regularly audited by our Internal Audit function.

The success of our compliance framework is assessed and assured continuously, with e-learning completion rates monitored and reported, access statistics to our compliance collateral assessed regularly, and feedback sessions conducted to ensure successful messaging across our organisation.

The framework is supported by an externally managed confidential whistleblowing hotline provided by Safecall, an industry-recognised provider of such services.

Safecall is available to our people and supply chain, and provides an accessible, confidential route to report concerns of wrongdoing. We refer to the submission of a concern as 'Speaking Up' and we actively encourage our people to Speak Up should they suspect wrongdoing in the workplace, conducting an annual multi-channel communications campaign guiding employees towards the Speak Up service in place. In addition, we support our managers by providing them with tailored guidance, to help them understand their obligations when approached directly with a concern.

Data privacy and cyber security

Robust compliance with core data privacy laws and regulations is fundamental to all Group operations and service delivery throughout the jurisdictions in which we and our customers operate. Data protection leadership and centralised coordination is provided through our Group Data Protection Officer, reporting into the Group Legal and Compliance Director. The Group Data Protection Officer is supported by a team of experienced and qualified specialists across our key geographies, with governance provided by the Compliance Steering Committee and Risk and Audit Committees.

Underpinning data privacy are extensive cyber security risk management and assurance practices and controls, jointly led by our Group Chief Information Security Officer and Group Information Assurance Director. These controls are independently audited and certified through continuous assessment, to the latest ISO/IEC 27000 framework of information security standards and controls. Governance is provided by the C-Suite Security Steering Committee and Operational Security Management Groups, to ensure our services and customer data are well protected and secure.

Our Group Information Assurance practice has continued to mature, with the full establishment of the in-house Security Operations Centre, Cyber Security Engineering, Risk and Threat Intelligence teams. Equally, the recruitment of an executive Chief Information Security Officer driving an evolving Cyber Security Strategy and the success of an award-winning 'Be Ready' cyber security training and awareness programme demonstrate our ongoing commitment to keeping our ourselves and our customers safe.

Task Force on Climate-related Financial Disclosures

Climate-related risks and opportunities

We support the aims of the Task Force on Climate-related Financial Disclosures (TCFD) in communicating the risks and opportunities arising from climate change. In accordance with the Financial Conduct Authority's (FCA) Policy Statement PS20/17, in this section from pages 54 to 57 we are making disclosures consistent with the TCFD's recommendations and recommended disclosures, having considered all sector guidance. An exception relates to Scope 3 emissions, for which we will submit targets to the Science Based Targets initiative (SBTi) during the first half of 2023. We will build an action plan to meet these targets once they have been validated by the SBTi and work in conjunction with our technology vendors and other suppliers to obtain the necessary data.

Our Scope 1 and Scope 2 emissions for 2022 were subject to external verification in line with ISO 14064-3. Our reported 2022 emissions will also be subject to external verification.

Governance

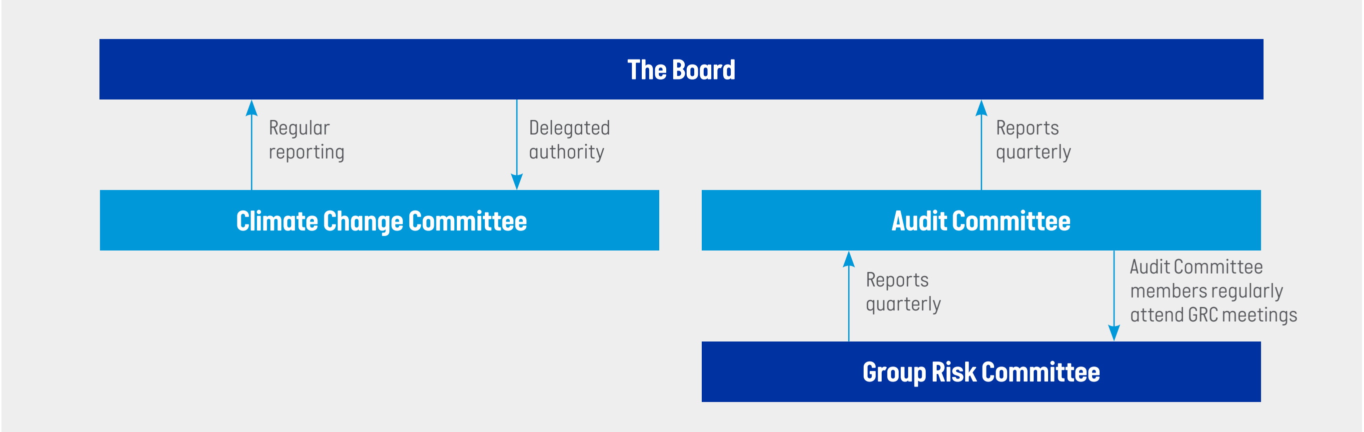
As outlined on page 75, the Board has overall responsibility for managing risks and opportunities, including climate change risk.

The Board has considered the risk to the business relevant to climate change but does not yet believe it is sufficiently material in relation to potential financial cost and potential for disruption to the business to be classed as a principal risk in its own right. The Board continues to monitor climate-related risk. It does so through its review of the Group's principal risks related to any failure to meet our commitments or comply with applicable laws and regulations in relation to ESG matters.

The Board has delegated day-to-day oversight of climate change risk to the Climate Committee. This committee meets quarterly and leads on all climate-related initiatives. It is chaired by the Group Finance Director. Other members include the Head of Facilities, the Managing Director of our Circular Services business (RDC), the Environmental Coordinator, Head of Insurance, Climate & Property, the UK Fleet Manager as well as representatives from Group Service Lines Human Resources, including representatives from Germany, France and Spain. During 2022, the Climate Committee considered the following topics:

- Physical exposures of buildings and infrastructure
- Internal travel levy and carbon offsetting proposals
- Travel pilot in Germany to encourage the use of rail over flights
- Net Zero strategy
- Circular Services
- Technology Sourcing initiatives
- SBTi and CDP submissions
- Waste targets
- Self-generated power
- Renewable energy purchases
- Fleet CO_2 emissions
- International Sustainability Standards Board proposals

The Group Risk Committee (GRC) considers emerging risks, such as climate change, when required. The Audit Committee is updated quarterly on discussions and outcomes from the GRC meetings and the Board is formally updated at least annually on all risk matters through a review of the Group Risk Log and related discussion, including climate-related issues where relevant. The Board has also endorsed the Group's Sustainability strategy, of which risk management and reporting form a part.



Strategy

We supply technology products and services to our customers, which help them to reduce their own environmental impact by reducing business travel and increasing the flexibility of their workforce. This is supported by our Technology Sourcing infrastructure and through investments in our Integration Centers across Europe and North America to enable us to fulfil product more locally. Following our Brexit preparations, we have the ability to dispatch products from our Kerpen Integration Center to customers in the European Union, which had previously been shipped from our Hatfield Integration Center. While there have been benefits of this change in terms of export administration and shipping cost, it has also helped to reduce carbon emissions.

Computacenter's exposure to climate-related risks and opportunities can be seen through the lens of our position as one of the world's leading VARs. Our ability to procure technology products through leading technology vendors, add value for our customers through our Professional Services expertise, and then ship or hold that product depends on:

- the resilience of our technology vendors;
- their ability to efficiently manufacture the product on a timely basis; and
- their ability to send it to our customers or to us, in a timely and cost-efficient manner.

Our Services business depends on our people being able to access our service delivery locations and our customers' locations, as well as the uninterrupted functioning of our operational infrastructure, such as our principal offices, Integration Centers and Service Centers.

Any physical or transitional climate-related risk which disturbs the equilibrium of our value chain could impact the execution of our strategy, our levels of customer service and satisfaction, and ultimately our financial performance. We do not recognise climate change as a principal risk to the business, and do not therefore recognise it in our financial planning process due to its financial immateriality in the timescales we use. Nevertheless, we have set out opposite those climate-related risks which we think could reasonably result in that happening, although for many of these their frequency and severity is difficult to predict. We have therefore based our analysis on certain assumptions, which we have also explained.

Physical Risk: Extreme weather events and long-term changes in climate patterns
Significant changes in weather patterns in the medium to long term, both acute and chronic, could result in interruptions in our technology vendors' ability to manufacture and distribute on a timely basis, and could cause damage to our service delivery locations, including our Service Centers, Integration Centers and Data Centers, affecting our ability to run an uninterrupted service for our customers.

Most of our technology vendors are substantial international businesses, which have the size, resilience, technological capability and investment capacity to mitigate the future risk of climate-related damage to their manufacturing and distribution process. We work with multiple technology vendors, which mitigates against one organisation, area or region being impacted by extreme weather. We carry out a physical assessment of our service delivery locations across the globe as part of our insurance risk assessment process and retain the services of one of the foremost global engineering and risk-based insurers. We ensure we have business contingency planning, so we can move our service delivery to alternative locations with minimal impact to service levels. None of our service delivery locations are at material risk of flooding from rivers or from sea level rises or from wind or wildfire risk and, like many organisations during the Covid-19 pandemic, we have reduced our reliance on physical offices.

Transition Risk: Compliance and reputational risk
As we move towards a low-carbon economy, there are increasing compliance requirements emanating from the UK Government, regulatory authorities and standard-setters, such as additional FCA Listing Rules, Department for Business, Energy & Industrial Strategy (BEIS) guidance and International Sustainability Standards Board (ISSB) disclosure requirements, as well as pressure from business stakeholders and market initiatives related to sustainability reporting, such as the TCFD. If we fail to meet these requirements and expectations, or if we fail to set and achieve our climate impact reduction targets, this is likely to harm our reputation and could cause customers to reduce their business with us.

We take our climate-related responsibilities seriously, which helps mitigate against this risk. We have had a Climate Committee in place since 2020. Recent initiatives have included the installation of a large number of solar panels at our Hatfield, Kerpen and Livermore Integration Centers. We also source renewable energy for our operations in the United Kingdom, Germany, Spain and the United States. These and other initiatives (detailed on pages 46 to 52) have contributed to a reduction of our Scope 1 and 2 emissions of 78 per cent since 2019 (see page 47). We have met our target to be carbon neutral for our Scope 1 and 2 emissions in 2022. We have achieved this through a combination of reducing our greenhouse gas emissions (for example, through a combination of generating our own power through the use of solar panels, the purchase of green electricity and reducing consumption) and offsetting. We have a target to reduce our Scope 1, 2 and 3 emissions to Net Zero by 2040, backed by Science Based Targets. Our progress towards these targets will be monitored and reported on in future Annual Reports. See the metrics and targets section on page 56 for more detail.

Our initial assessment indicates that transition risks associated with the shift to a low-carbon economy are more likely to have an impact on our business in the short term, while physical risks (both acute and chronic) may become a greater issue in the longer term, if global temperature increases are not held within the 2°C limit envisaged by the Paris Agreement or we see the impacts of global warming of 1.5°C above pre-industrial levels, envisaged in the Intergovernmental Panel on Climate Change 'Special Report'. More detail on the risks and opportunities arising from climate change, and the mitigating actions we are taking to address them, are shown below. The time periods below reflect our targets as being submitted to the SBTi and are indicative of our view that transition risks are a more likely impact on our business in the short term while physical risks may become more consequential in the long term.

< 2°C scenario

Short term (to 2032)

Higher transition risks associated with moving to a low-carbon economy
- Reputational risk with shareholders, customers and employees, if we do not adequately address climate change.
- Compliance risk if we fail to meet regulatory requirements, including emissions reporting obligations.
- Increased cost of climate-related levies/ increased pricing of greenhouse gas (GHG) emissions.
- Changing customer behaviour.
- Travel curbs.

Opportunities
- Customers will continue to invest in their IT infrastructure, to enable hybrid working practices which are carbon-reducing, and also to reduce the carbon footprint of their IT infrastructure. We will therefore continue to see high demand for modern, lower-carbon footprint technology products, strengthening the resilience of our business model and contributing to our continued growth.
- Our Circular Services (redeployment, remarketing and recycling of technology products) will become increasingly important to our customers.

Medium term (2032 to 2040)

Continued transition risks
- Increasing reputational risk with shareholders, customers and employees, if we do not adequately address climate change.
- Continuing compliance risk if we fail to meet regulatory requirements, including emissions reporting obligations.
- Increased cost of climate-related levies/ increased pricing of GHG emissions.
- Changing customer behaviour.
- Travel curbs.

Opportunities
- Continuing customer investment in their IT infrastructure, with continued high demand for modern, lower-carbon footprint technology products.
- Our Circular Services will remain important to our customers.

Long term (beyond 2040)

Less significant increase in physical risks
- Continued isolated extreme weather events causing manageable business disruptions.
- Higher summer temperatures and rapid changes in temperature and humidity causing challenges for data center cooling.

Opportunities
- Our ability to provide Circular Services by ourselves will help us to differentiate, as customers will expect these services to be integrated into more of the technology products and services they procure, e.g., through 'Device as a Service' (DaaS).
- Customers will increasingly require our advice on the selection and deployment of technology products, to help them achieve their carbon reduction strategies.

Task Force on Climate-related Financial Disclosures continued

> 2°C scenario

Short term (to 2032)	Medium term (2032 to 2040)	Long term (beyond 2040)
Slight increase in transition and physical risks in the short term • Isolated and manageable business disruptions caused by extreme weather events, such as flooding or drought. • Ad-hoc supply chain interruptions. • Increased insurance costs due to natural disasters. **Opportunities/Resilience** • Our ability to supply technology products locally in multiple regions (UK, EU, North America and APAC) will help large international customers to reduce shipment costs and the associated carbon footprint. This international coverage will also increase our resilience and help us provide greater supply chain resilience to our customers.	**Increasing physical risks due to a failure to adequately transition to a low-carbon economy** • Power outages due to restrictions on use of fossil fuels. • Increasing cost of power. • Flooding due to increased sea level (no strategic locations are at material risk). • Increasing transport costs. • Telecoms and internet disruptions. **Opportunities/Resilience** • We will continue to maintain operational resilience through the geographical dispersion of our Service Centers. • Our existing strength as one of the world's most international and Services-led VARs give us the opportunity to establish a leadership position in helping both customers and technology vendors to achieve their sustainability goals.	**Increased physical risks due to a failure to adequately transition to a low-carbon economy** • Power outages due to restrictions on use of fossil fuels. • Increased cost of power. • Flooding due to increased sea level (no strategic locations are at material risk). • Pandemics due to new diseases caused by climate and population changes. • Population changes – due to things such as controls on population growth, increasing migration, and the need for automation. • Increased transport costs. • Telecoms and internet disruptions. **Opportunities/Resilience** • We will continue to maintain operational resilience through the geographical dispersion of our Service Centers. • Our existing strengths as one of the world's most international and Services-led VARs gives us the opportunity to establish a leadership position in helping both customers and technology vendors to achieve their sustainability goals.

The less than 2°C scenario assumes that we act responsibly, in line with business and society globally, to reduce GHG emissions. This may include the introduction of carbon pricing by national governments. In this scenario, we expect that transition risks pose the biggest threat to our business, with only a limited and manageable impact on our operations from physical risks. The greater than 2°C scenario assumes climate policy is less effective and emissions cause climate change above that envisaged in the Paris Agreement. Under this scenario, we would expect physical risks to become much more apparent in the longer term.

The scenarios we have chosen above reflect the TCFD requirement for a 2°C or lower scenario and a higher carbon scenario that is more likely to result in higher physical risks to the business. In the short- to medium-term at least, the resilience of our business to transition risks, which are well-managed, will not impact our strategy. Physical risks will be unlikely to materially affect our business model until the longer term but this will be kept under review.

Our strategy to address climate-related issues includes our achievement of being carbon neutral for our Scope 1 and 2 emissions in 2022, our target to reduce our Scope 3 emissions by 50 per cent by 2032 and our target to be Net Zero for our Scope 1, 2 and 3 emissions by 2040, with all targets backed by Science Based Targets.

Risk management

Our risk management and control framework enables us to effectively identify, assess and manage climate-related risks. As summarised on page 75, the Board reviews climate change risk as part of its review of our principal risk relating to complying with our commitments and applicable laws and regulations in relation to environmental, social and governance matters. The process for identifying and assessing climate-related risk is the same as for all principal risks, as described on page 75. Each of our principal risks has an assigned risk owner, who is responsible for its management. This includes ensuring the effectiveness of internal controls and for overseeing risk mitigation plans. Each risk owner presents the controls and mitigations for peer review at least annually in the Group Risk Committee meetings. The Board also reviews the principal risks annually. We do not currently recognise climate change as a principal risk to the business.

The Group Finance Director chairs the Climate Committee that was established in 2020. The Climate Committee consists of Group managers and senior employees with specific environmental interests, as noted in the Governance section on page 54. The Committee's aim is to debate and propose initiatives to continue to reduce our environmental impact, with some material investments to be approved at Group Executive level.

Metrics and targets

In line with our current risk assessment and mitigation plan, we continue to largely concentrate on transition risks and our commitment to becoming a Net Zero business, as outlined above.

We have taken into account the cross-industry metric categories defined in the TCFD's guidance on metrics, targets and transition plans (October 2021) in monitoring our transition to a low-carbon economy and the risks involved with it.

Metric category	Target
GHG emissions	We have a target to reduce absolute Scope 3 GHG emissions by 50 per cent by 2032 and by 90 per cent by 2040, both from a 2021 base year. Additionally, we have committed to reduce absolute Scope 1 and Scope 2 GHG emissions by 90 per cent by 2040 from a 2019 base year. We have committed to reach Net Zero by 2040. These remain proposals until accepted by the SBTi. (See page 48 for details of our GHG emissions). In order to achieve our Scope 1 and Scope 2 reduction target, Computacenter will continue to invest in increasing the energy efficiency of our offices, data centers and other facilities, resulting in a decrease in energy consumption. Where feasible, we will continue to install on-site renewable electricity systems, such as the photovoltaic systems already in place in the United Kingdom, Germany and the United States. Where we are unable to generate our own, we will continue to source our electricity from renewable sources, helping to reduce our Scope 2 market-based emissions. Purchased goods and services account for 74 per cent of Computacenter's total Scope 3 emissions. In order to achieve our targets, reduction efforts need to be focused here. By engaging with and encouraging customers to make the decisions with the least amount of GHGs associated with them, e.g., energy efficient products, we will be able to reduce our Scope 3 emissions in this area. Additionally, as our technology vendors and other suppliers continue along their sustainability journeys, reducing the emissions associated with the manufacture of IT hardware, our Scope 3 emissions will continue to reduce. Furthermore, Computacenter will continue decreasing the percentage of waste sent to landfill, helping to reduce emissions from the treatment and disposal of waste. We are encouraging employees to, first, limit journeys for business travel purposes, and secondly if journeys are necessary, encouraging lower emitting forms of transport, e.g. rail rather than air.
Transition risk	We have considered transition risks to achieving our strategic objectives across the Group as a whole. However, they are not considered material at this stage.
Physical risk	We have assessed the Group's locations close to water sources at risk of flooding or at risk of sea level change. None of the locations close to water sources are strategic to our operations. Additionally, no location is at major risk of wind or wildfire. We retain the services of one of the foremost engineering and risk-based insurers in the world, which assists us in our assessments, and we are also working to integrate those locations that are not part of our Group Insurance Programme.
Climate-related opportunities	Customers will need us to: • supply and deploy modern, lower-carbon footprint technology products; • provide Circular Services for their technology estate and increasingly integrate these into our Services; • provide local supply solutions, to minimise the shipment-related carbon footprint; • advise on selecting and deploying lower-carbon IT infrastructure, to help them meet their sustainability goals. RDC, our Circular Services offering, processed 1.9 million devices during 2022 (which includes remarketing, redeploying and recycling), processing 3,771 tonnes of equipment and recovering 617 tonnes of raw material, with 112,000 tonnes of CO_2e avoided by reusing equipment.
Capital deployment	We do not have targets in relation to capital deployment but we continue to make expenditure necessary to meet our commitments in terms of climate change. In recent years we have made significant investments to reduce our carbon footprint. These include the following initiatives: • Installing 6,308 solar panels at our Hatfield Integration Center at a cost of approximately £1.2 million; installing 1,764 solar panels at our Kerpen Integration Center, and installing 2,016 solar panels over our Kerpen car park spaces, at a cost of approximately €1 million. Combined, these will result in annual power generation of approximately 3 million kWh and the reduction in Scope 2 emissions of approximately 1,100 tonnes, based on a combination of the United Kingdom and Germany conversion factors. • Installation of a further 1,200 solar panels on the roof of our Livermore Integration Center in California, which was completed in 2022, and has generated c. 246,000 kWh since going live in August 2022. • Purchasing 'green' electricity across our UK and German businesses at an incremental cost of £100,000, resulting in emissions reductions of 10,939 tonnes. • Introducing electric vans in some of our logistics business areas and electric cars. In the United Kingdom, we have increased the proportion of non-internal combustion engine (non-ICE) cars (mild hybrid, PHEV and EV) from 56 per cent to 64 per cent and pure EVs from 13 per cent to 19 per cent, against the challenges of poor availability. In Germany, 30 per cent of the fleet is non-ICE with a rising trend. • Acquisition of our RDC Circular Services subsidiary. Overall, our GHG emissions are now 17.8 per cent of the 2015 number (a reduction of 82.2 per cent).
Internal carbon prices	Since October 2021, we have introduced an internal levy of £10/€12/$14 per flight or hotel booking for the United Kingdom, France, Germany, Spain, Belgium and the United States, to purchase carbon credits each year to offset the CO_2 emissions generated from these activities. The total levy generated during the 12-month period to 31 December 2022 is c. £280,000.
Remuneration	For the year ended 31 December 2022, no executive discretionary bonus was linked to climate considerations, other than the Group Finance Director, who has one objective related to climate change management. However, this is being kept under review by the Remuneration Committee.

> **We remain very encouraged by the resumption of longer-term IT transformations, on a scale and timeline that appear strengthened by the experiences of the last two years.**
>
> **Tony Conophy**
> Group Finance Director

During 2022, the Group generated continued strong revenue growth in both Technology Sourcing and Services. Growth across all Segments was excellent, apart from the United Kingdom where, despite strong growth in gross invoiced income, we saw a decline in reported Technology Sourcing revenues as the product mix changed and both Professional Services and Managed Services declined, due to lower workplace projects and contract losses in 2021 respectively.

Whilst the United Kingdom saw significant gross invoiced income growth through increasing software and resold Services activity, only the margins on this business, which are naturally low, are reported as revenue, following the change to our accounting policy for agent versus principal recognition. See below and notes 3 to 5 to the Consolidated Financial Statements for more information on the impact of our change in accounting policy.

A small number of very high-volume customers continue to recognise and value our capability to source and deliver product for their needs, in a very competitive marketplace, through our close relationships with our vendor technology partners. As this hyperscale business grows in relation to the rest of the business, the margin in North America will continue to decline relative to our other key geographies over the longer term.

Reconciliation to adjusted[1] measures for the year ended 2022

		Adjustments			
	Reported full-year results £m	Principal element on agency contracts £m	Amortisation of acquired intangibles £m	Exceptionals and others £m	Adjusted[1] full-year results £m
Revenue	**6,470.5**	2,581.7	–	–	**9,052.2**
Cost of sales	**(5,523.4)**	(2,581.7)	–	–	**(8,105.1)**
Gross profit	**947.1**	–	–	–	**947.1**
Administrative expenses	**(691.8)**	–	10.9	1.8	**(679.1)**
Impairment reversal on trade receivables and contract assets	**1.1**	–	–	–	**1.1**
Operating profit	**256.4**	–	10.9	1.8	**269.1**
Finance income	**2.4**	–	–	–	**2.4**
Finance costs	**(9.8)**	–	–	2.0	**(7.8)**
Profit before tax	**249.0**	–	10.9	3.8	**263.7**
Income tax expense	**(64.8)**	–	(2.3)	(0.2)	**(67.3)**
Profit for the year	**184.2**	–	8.6	3.6	**196.4**

Reconciliation to adjusted[1] measures for the year ended 2021

		Adjustments			
	Reported full-year results £m	Principal element on agency contracts £m	Amortisation of acquired intangibles £m	Exceptionals and others £m	Adjusted[1] full-year results £m
Revenue	**5,034.5**	1,889.0	–	–	**6,923.5**
Cost of sales	**(4,166.7)**	(1,889.0)	–	–	**(6,055.7)**
Gross profit	**867.8**	–	–	–	**867.8**
Administrative expenses	**(612.0)**	–	7.6	–	**(604.4)**
Impairment loss on trade receivables and contract assets	**(0.6)**	–	–	–	**(0.6)**
Operating profit	**255.2**	–	7.6	–	**262.8**
Finance income	**0.3**	–	–	–	**0.3**
Finance costs	**(7.5)**	–	–	–	**(7.5)**
Profit before tax	**248.0**	–	7.6	–	**255.6**
Income tax expense	**(61.5)**	–	(2.1)	–	**(63.6)**
Profit for the year	**186.5**	–	5.5	–	**192.0**

Group Finance Director's review continued

The Group has seen significant currency translation movements, as the pound sterling has fluctuated against other currencies, particularly the US dollar and the euro, which impacts us the most. Further information on currency impacts is available on page 67.

Investments

Computacenter resells, deploys and manages vendor technology for customers. This means we are fundamentally a people-centric business. Customers remain loyal to Computacenter because of the quality of our people and service and this will always be the case. However there are a number of other assets that we employ to deliver to our customers such as our Service and Integration Center facilities, methodologies, best practices, a track record of performance, and in particular, great systems. We invest many millions of pounds every year in improving and supporting these systems, which give us a competitive advantage in a business which is about scale, repeatability and agility.

Our systems need to be robust, secure and able to handle large volumes. They also have to be simple to use and adaptable to most customer eventualities. The vast quantities of product that we transact for customers puts massive pressure on our operations and systems, as customers call off stored technology piecemeal and at short notice, often to thousands of different users' home addresses. We prioritise our plans for systems development, and other investments in time and capital, in response to the ever-changing environment in which we operate.

We have continued to refine our systems investment roadmap through to the end of 2026, with a multi-million pound programme to replace legacy systems that enable our Technology Sourcing and Services businesses. Investing in best-of-breed tools will lower cost to serve, improve the quality of our offerings and enhance our relevance to customers in the marketplace.

We continue to invest in our nearshore and offshore capabilities, with over 100 professionals now based in our specialist application development consultancy within our Romanian business that started in 2021. We have grown our workforce in India from 15 employees in 2019 to approximately 1,100 at the end of 2022. This business now serves a range of our biggest customers and, with an ability to continue to scale whilst increasing the complexity of offering, we expect to have a business of up to 5,000 employees in the medium term.

In Germany, our focus on growing the workplace business has absorbed significant capacity in our Integration Center facility, leading to its expansion through the addition of a second, co-located, facility in Kerpen. The very strong growth in workplace in Germany has stretched our onsite handling and configuration capacities. Germany already had a higher percentage of workplace product delivered via our Integration Centers, versus direct delivery from the vendors, than our other geographies. The larger volumes fully utilised our existing facilities. This led to higher handling costs for these inventories, as they are moved around increasingly scarce space in our Integration Centers. We implemented a mitigation strategy towards the end of the first half of 2022, with this additional Integration Center capacity being added near to our existing facility. The new facility has alleviated the pressure on the German business, and improved efficiencies and customer satisfaction.

On 13 July 2022, the Group announced that it had acquired one of the fastest-growing value-added resellers in the United States, Business IT Source (BITS) effective from July 2022. The Group has paid an initial $32.0 million, with two additional payments contingent on the future performance of the acquired business through to 31 December 2024.

BITS employs around 100 people and has a headquarters and Integration Center in Buffalo Grove, United States, approximately 45 minutes from downtown Chicago. BITS recorded gross invoiced income in 2021 of approximately $245 million with adjusted[1] operating profit of approximately $8.9 million for the full year. Since we acquired the business in July 2022, BITS has achieved gross invoiced income of $221 million and adjusted[1] operating profit of $8.4 million in six months of ownership.

The existing BITS leadership team will stay to run the business as a separate operating unit within Computacenter North America, to maximise the growth opportunity. The business and the team will be fully integrated into Computacenter's North American operations over time.

Whilst our North American business continues to see substantial organic growth, we will continue to review additional inorganic opportunities to improve our positioning in this important market. BITS gives us a much stronger presence in the Mid-West of the United States and brings some great people, customers and leadership to our business. The Buffalo Grove Integration Center will allow us to serve more of our Mid-West regional customers locally over time, helping us to meet our sustainability goals. We are optimistic that the BITS leadership team will seize the opportunity to continue their current growth momentum.

BITS will have the opportunity to provide a much broader range of capabilities to our customers and growth opportunities for its people. Operating as a separate business unit, over the short term, will allow us to continue our personalised service while leveraging Computacenter's capabilities and balance sheet to best serve customers and partners.

On 25 May 2022, the Group acquired 100 per cent of the share capital in Emerge and the associated Asia Pacific (APAC) operations from Emerge 360, Inc., for consideration of $3.5 million. The acquired APAC business has a presence in Japan, Singapore, Australia and Hong Kong.

This continues our strategy of building the best international capability of any value-added reseller in the world. Emerge was already a valued partner in the region, working to extend our reach and capability for our international customers. Following the acquisition, over 230 engineers and service managers have joined Computacenter in Singapore, Hong Kong, Australia, Japan and India. This brings our total number of people in APAC to nearly 300 and in India to over 1,100. Our strategy in APAC is to build better operational capability and coverage to support our international customers headquartered in Europe and North America. We will enhance the credibility of our offering to our existing customer base by employing our own service leadership in the region, who will have local interaction with customers and manage delivery, whether it is by Computacenter or our partners. In India, although our strategy is centred on building our offshore Service Center capability, our 80 new people from Emerge join an existing and growing engineering team who work on key customer sites. This acquisition enhances our Services offerings within the region and, in both APAC and India, this will continue to be complemented by the great Technology Sourcing experience provided by our local and regional partners.

Migrating our recently acquired material entities onto our leading ERP platform technologies and toolsets will help to unlock their potential for growth and efficiencies. The integration of Pivot and BITS onto Group systems is planned for 2023 and 2024 respectively, and will benefit from the recent migration of FusionStorm and the legacy North American business, which transitioned to the Group ERP in September 2021. This is by no means an easy task and operational issues will no doubt arise as these businesses adapt to Group processes. Further, a number of next-generation upgrades to the customer relationship management and configure price quote systems were implemented within the North American rollout. These are being progressively introduced through the rest of the Group, and will continue to evolve the way we do business with our customers, ensuring that ordering capability and cost-to-serve efficiencies are improved.

Combined, these acquisitions, and the ITL logistics acquisition made during 2021, added £187.8 million of revenue (2021: £1.3 million) and £5.4 million of adjusted[1] profit before tax (2021: £0.4 million) to the Group's reported results.

Revenue accounting policy change

Following a recently approved interpretation of the revenue accounting standard by the International Accounting Standards Board, we, and a number of our peer value-added resellers, have changed the way we recognise revenues for standalone software and resold third-party service contracts and revised our accounting policies to reflect this change. Historically, we had considered ourselves the principal in the arrangement and largely recognised these transactions on a principal or gross basis, with the gross invoiced income, represented by the invoiced amount to customers, reported as revenue and the cost of the resold software or services reported as cost of goods sold. Subsequent to the approval of the interpretation of the revenue accounting standard by the International Accounting Standards Board, we have now determined that we are an agent for these transactions and will recognise revenue on a net basis, with only the gross profit on these types of deals, being the gross invoiced income less the costs of the resold software or third-party services, showing as revenue, with nothing recorded in cost of goods sold. Further information on this change, including the retrospective restatement of the financial statements, and the revised accounting policy, is available in note 3 to the Consolidated Financial Statements.

We will continue to show our gross invoiced income as an alternative performance measure. Gross invoiced income includes all items recognised on an 'agency' basis within revenue, on a gross income billed to customers basis, as adjusted for deferred and accrued revenue and net of the impact of credit notes and excluding VAT or other sales taxes. This reflects the cash movements to assist Management and the users of the Reports and Accounts in understanding revenue growth on a 'principal' basis and to assist their assessment of working capital movements in the Consolidated Balance Sheet and Consolidated Cash Flow Statement. This alternative performance measure also allows an alternative view of growth in adjusted[1] gross profit, based on the product mix differences and the accounting treatment thereon. A reconciliation of revenue to gross invoiced income is provided within note 5 to the Consolidated Financial Statements.

A reconciliation to adjusted[1] measures is provided on page 59 of this Group Finance Director's review. Further details are provided in note 2.5 to the Consolidated Financial Statements, adjusted[1] measures. For the avoidance of duplication, further information on the Group's financial performance can be found on pages 24 to 37 of this Strategic Report.

Operating profit

Overall, gross profit growth lagged behind the excellent revenue growth due to Technology Sourcing customer and product mix. Surging levels of business with a small number of North American hyperscalers during the year have negatively impacted gross margins for the Group due to the generally tighter margins on these high-volume accounts. Lower Services margins occurred due to cost inflation and lower utilisations and returning costs within our Services business, following the unwinding of the impact of the Covid-19 pandemic as described earlier. Overall, Group gross margins, expressed as gross profits as a percentage of revenue, fell to 14.6 per cent (2021: 17.2 per cent).

Administrative expenses increased by 12.7 per cent to £690.7 million (2021: £612.6 million). We continue to apply the cost-management lessons from the Covid-19 crisis, to ensure that as costs inevitably return due to factors such as increased travel, they remain lower than before, resulting in a more efficient business. In addition, we have reviewed our office footprint across our major geographies and will look to rationalise the estate where locations are no longer necessary, or could be reduced in size, due to our people and our customers' workforces adopting hybrid working. Adjusted[1] administrative expenses increased by 12.1 per cent to £678.0 million (2021: £605.0 million), and by 9.4 per cent in constant currency[2].

Profit before tax

The Group's profit before tax for the year increased by 0.4 per cent to £249.0 million (2021: £248.0 million). Adjusted[1] profit before tax increased by 3.2 per cent to £263.7 million (2021: £255.6 million) and by 2.1 per cent in constant currency[2].

The difference between profit before tax and adjusted[1] profit before tax relates to the Group's net costs of £14.7 million (2021: net costs of £7.6 million) from exceptional and other adjusting items, which relates wholly to costs associated with the acquisition of BITS and the amortisation of acquired intangibles as a result of recent North American acquisitions. Further information on these items can be found on page 62.

Net finance charge

Net finance charge in the year amounted to £7.4 million (2021: £7.2 million). The main items included within the net charge for the year were £4.9 million of interest charged on lease liabilities recognised under IFRS 16 (2021: £5.2 million) and exceptional interest costs of £2.0 million relating to the unwinding of the discount on the contingent consideration for the purchase of BITS, which was excluded on an adjusted[1] basis. Outside of the specific items above, net finance charges of £0.5 million were recorded (2021: £2.0 million).

On an adjusted[1] basis, the net finance cost was £5.4 million during the year (2021: £7.2 million).

Taxation

The tax charge was £64.8 million (2021: £61.5 million) on profit before tax of £249.0 million (2021: £248.0 million). This represented a tax rate of 26.0 per cent (2021: 24.8 per cent). This includes the recognition of a €2.4 million deferred tax asset representing the probable benefit of future utilisation of losses within the French business due to a forecast improvement in the short- to medium-term profitability in this geography.

The tax credit related to the amortisation of acquired intangibles was £2.3 million (2021: £2.1 million). The £10.9 million of amortisation of intangible assets was almost entirely a result of the recent North American acquisitions (2021: £7.6 million). As the amortisation is recognised outside of our adjusted[1] profitability, the tax benefit on the amortisation is also reported outside of our adjusted[1] tax charge.

During 2022, a tax credit of £0.2 million (2021: nil) was recorded on expenses related to the acquisition of BITS. As this credit was related to the acquisition and not operational activity within BITS, and is a one-off, we have classified this as an exceptional tax item, outside of our adjusted[1] tax charge, consistent with similar treatments in prior years.

The adjusted[1] tax charge for the year was £67.3 million (2021: £63.6 million), on an adjusted[1] profit before tax for the year of £263.7 million (2021: £255.6 million). The effective tax rate (ETR) was therefore 25.5 per cent (2021: 24.9 per cent) on an adjusted[1] basis.

During the second half of 2022 a number of one-off tax items were processed that substantially reduced the tax charge, and therefore the adjusted[1] ETR, for the year as a whole. Recognising deferred tax assets for the future utilisation of carry forward losses in the Netherlands and France, as noted above, resulted in a one-time credit to the tax expense of £3.1 million. Several other one-off items were incurred in the year in North America and reduced the tax expense by a further £1.4 million in aggregate. These include the closure of a number of historical tax positions, some of which relate to events preceding the acquisition of the Pivot subsidiary.

Together, these combined items resulted in a one-time credit benefit to the tax expense of £4.5 million (2021: £5.5 million). Excluding these items, the underlying adjusted[1] tax expense would be £71.8 million (2021: £69.1 million), resulting in an adjusted[1] ETR of 27.2 per cent (2021: 27.0 per cent).

Had the one-off items not impacted during the year, and the Group result reflected an adjusted[1] ETR of 27.2 per cent, the adjusted[1] diluted EPS would have been 165.8 pence per share (2021: 160.9 pence per share). Assuming an unchanged dividend payment policy from that described on page 64, the proposed final dividend, and the total dividend for the year, would have been 44.3 pence per share and 66.4 pence per share respectively.

The adjusted[1] ETR is therefore outside the full-year range that we indicated in our 2022 Interim Results, which showed an ETR of 27.9 per cent (H1 2021: 28.6 per cent), due to the unforecasted positive impacts described above.

We expect that the ETR in 2023 will be subject to upwards pressure, due to an increasing reweighting of the geographic split of adjusted[1] profit before tax away from the United Kingdom to Germany and the United States, where tax rates are higher, and also as governments across our primary jurisdictions come under fiscal and political pressure to increase corporation tax rates. Substantially enacted tax increases will take effect in the United Kingdom from 1 April 2023, with a rise from 19 per cent to 25 per cent.

The Group Tax Policy was reviewed during the year and approved by the Audit Committee and the Board, with no material changes from the prior year. We make every effort to pay all the tax attributable to profits earned in each jurisdiction that we operate. We do not artificially inflate or reduce profits in one jurisdiction to provide a beneficial tax result in another and maintain approved transfer pricing policies and programmes, to meet local compliance requirements. Virtually all of the tax charge in 2022 was incurred in either the United Kingdom, Germany or United States tax jurisdictions, as it was in 2021. Computacenter France, which includes the Computacenter NS acquisition within a tax group, has returned to a broadly break-even position, reducing the amount of tax paid locally.

There are no material tax risks across the Group. Computacenter will recognise provisions and accruals in respect of tax where there is a degree of estimation and uncertainty, including where it relates to transfer pricing, such that a balance cannot fully be determined until accepted by the relevant tax authorities. For 2022, the Group Transfer Pricing policy implemented in 2013 resulted in a licence fee of £38.7 million (2021: £30.3 million), charged by Computacenter UK to Computacenter Germany, Computacenter France and Computacenter Belgium. The licence fee is equivalent to 1.0 per cent of revenue and reflects the value of the best practice and know-how that is owned by Computacenter UK and used by the Group. It is consistent with the requirements of the Organisation for Economic Co-operation and Development (OECD) base erosion and profit shifting. The licence fee is recorded outside the Segmental results found in note 4 to the Consolidated Financial Statements, which analyses Segmental results down to adjusted[1] operating profit.

The table below reconciles the tax charge to the adjusted[1] tax charge for the years ended 31 December 2022 and 31 December 2021.

	2022 £m	2021 £m
Tax charge	**64.8**	61.5
Adjustments to exclude:		
Tax on amortisation of acquired intangibles	**2.3**	2.1
Tax on exceptional items	**0.2**	–
Adjusted[1] tax charge	**67.3**	63.6
Effective tax rate	**26.0%**	24.8%
Adjusted[1] effective tax rate	**25.5%**	24.9%

Profit for the year
The profit for the year decreased by 1.2 per cent to £184.2 million (2021: £186.5 million). The adjusted[1] profit for the year increased by 2.3 per cent to £196.4 million (2021: £192.0 million) and by 1.4 per cent in constant currency[2].

Exceptional and other adjusting items
The net loss from exceptional and other adjusting items in the year was £12.2 million (2021: loss of £5.5 million). Excluding the tax items noted above, which resulted in a gain of £2.5 million (2021: gain of £2.1 million), the profit before tax impact was a net loss from exceptional and other adjusting items of £14.7 million (2021: gain of £7.6 million).

An exceptional loss during the year of £1.8 million resulted from costs directly relating to the acquisitions made during the year of BITS and Emerge. These costs include professional advisor fees and seller's fees that were paid on completion of the transaction. These costs are non-operational in nature, material in size and unlikely to recur and have therefore been classified as outside our adjusted[1] results. A further £2.0 million relating to the unwinding of the discount on the contingent consideration for the purchase of BITS has been removed from the adjusted[1] net finance expense and classified as exceptional interest costs.

There were no exceptional items in 2021.

We have continued to exclude, as an 'other adjusting item', the amortisation of acquired intangible assets in calculating our adjusted[1] results. Amortisation of intangible assets is non-cash, does not relate to the operational performance of the business, and is significantly affected by the timing and size of our acquisitions, which distorts the understanding of our Group and Segmental operating results.

The amortisation of acquired intangible assets was £10.9 million (2021: £7.6 million), primarily relating to the amortisation of the intangibles acquired as part of the recent North American acquisitions. This includes the amortisation of a number of short-term acquired intangibles relating to the valuation of BITS order backlogs, due to the expiration of the valued assets.

Gross invoiced income (GII)

	Half 1 £m	Half 2 £m	Total £m
2020	2,462.2	2,979.1	5,441.3
2021	3,287.6	3,635.9	6,923.5
2022	**3,971.9**	**5,080.3**	**9,052.2**
2022/21	20.8%	39.7%	30.7%

Adjusted[1] profit before tax

	Half 1		Half 2		Total	
	£m	% GII	£m	% GII	£m	% GII
2020	74.6	3.0	125.9	4.2	200.5	3.7
2021	118.9	3.6	136.7	3.8	255.6	3.7
2022	**111.9**	**2.8**	**151.8**	**3.0**	**263.7**	**2.9**
2022/21	(5.9%)		11.1%		3.2%	

Gross invoiced income by Segment

	2022			2021		
	Half 1 £m	Half 2 £m	Total £m	Half 1 £m	Half 2 £m	Total £m
UK	**1,169.7**	**1,154.8**	**2,324.5**	1,031.5	1,032.2	2,063.7
Germany	**996.1**	**1,399.0**	**2,395.1**	929.7	1,120.4	2,050.1
France	**341.1**	**443.7**	**784.8**	313.1	340.3	653.4
North America	**1,344.2**	**1,936.9**	**3,281.1**	922.4	1,042.9	1,965.3
International	**120.8**	**145.9**	**266.7**	90.9	100.1	191.0
Total	**3,971.9**	**5,080.3**	**9,052.2**	3,287.6	3,635.9	6,923.5

Adjusted[1] operating profit by Segment

	2022					
	Half 1		Half 2		Total	
	£m	% GII	£m	% GII	£m	% GII
UK	**45.0**	**3.8**	**35.5**	**3.1**	**80.5**	**3.5**
Germany	**55.4**	**5.6**	**85.5**	**6.1**	**140.9**	**5.9**
France	**0.5**	**0.1**	**6.6**	**1.5**	**7.1**	**0.9**
North America	**20.3**	**1.5**	**32.7**	**1.7**	**53.0**	**1.6**
International	**4.6**	**3.8**	**6.7**	**4.6**	**11.3**	**4.2**
Central corporate costs	**(11.6)**		**(12.1)**		**(23.7)**	
Total	**114.2**	**2.9**	**154.9**	**3.0**	**269.1**	**3.0**

	2021					
	Half 1		Half 2		Total	
	£m	% GII	£m	% GII	£m	% GII
UK	51.7	5.0	51.2	5.0	102.9	5.0
Germany	61.1	6.6	76.7	6.8	137.8	6.7
France	(2.0)	(0.6)	5.5	1.6	3.5	0.5
North America	18.7	2.0	12.3	1.2	31.0	1.6
International	4.1	4.5	7.2	7.2	11.3	5.9
Central corporate costs	(11.1)		(12.6)		(23.7)	
Total	122.5	3.7	140.3	3.9	262.8	3.8

Earnings per share

Diluted EPS decreased by 1.1 per cent to 159.1 pence per share (2021: 160.9 pence per share). Adjusted[1] diluted EPS increased by 2.5 per cent to 169.7 pence per share (2021: 165.6 pence per share).

	2022	2021
Basic weighted average number of shares (excluding own shares held) (m)	**112.8**	113.0
Effect of dilution:		
Share options	**2.1**	2.2
Diluted weighted average number of shares	**114.9**	115.2
Profit for the year attributable to equity holders of the Parent (£m)	**182.8**	185.3
Basic earnings per share (pence)	**162.1**	164.0
Diluted earnings per share (pence)	**159.1**	160.9
Adjusted[1] profit for the year attributable to equity holders of the Parent (£m)	**195.0**	190.8
Adjusted[1] basic earnings per share (pence)	**172.9**	168.6
Adjusted[1] diluted earnings per share (pence)	**169.7**	165.6

Dividend

The Board recognises the importance of dividends to shareholders and the Group prides itself on a long track record of paying dividends and other special one-off cash returns.

Computacenter's approach to capital management is to ensure that the Group has a robust capital base and maintains a strong credit rating, whilst aiming to maximise shareholder value. The Group remains highly cash generative and adjusted net funds[3] continues to increase on the Consolidated Balance Sheet, which allowed acquisitions such as FusionStorm in 2018, Pivot in 2020 and BITS in 2022, alongside a number of other small acquisitions.

If further funds are not required for investment within the business, either for fixed assets, working capital support or acquisitions, and the distributable reserves are available in the Parent Company, we will aim to return the additional cash to shareholders through one-off returns of value, as we did in February 2018. As a business that has returned £885 million through a combination of dividends and share buybacks since flotation, with no additional investment required from shareholders over that time, we are committed to managing the cash position for shareholders and would look to return up to 10 per cent of the market capitalisation of the Company as soon as cash reserves have replenished to enable us to do so and, assuming no further acquisitions, we would aim to do this by the end of 2024 at the latest.

Dividends are paid from the standalone balance sheet of the Parent Company and, as at 31 December 2022, the distributable reserves were £246.3 million (31 December 2021: £199.3 million).

The Board is pleased to propose a final dividend for 2022 of 45.8 pence per share (2021: 49.4 pence per share). Together with the interim dividend, this brings the total ordinary dividend for 2022 to 67.9 pence per share, representing a 2.4 per cent increase on the 2021 total dividend per share of 66.3 pence.

The Board has consistently applied the Company's dividend policy, which states that the total dividend paid will result in a dividend cover of 2 to 2.5 times based on adjusted[1] diluted EPS. In 2022, the cover was 2.5 times (2021: 2.5 times).

Subject to the approval of shareholders at our Annual General Meeting on 17 May 2023, the proposed dividend will be paid on Friday 14 July 2023. The dividend record date is set as Friday 16 June 2023 and the shares will be marked ex-dividend on Thursday 15 June 2023.

Central corporate costs

Certain expenses are not specifically allocated to individual Segments because they are not directly attributable to any single Segment. These include the costs of the Board itself, related public company costs, Group Executive members not aligned to a specific geographic trading entity and the cost of centrally funded strategic initiatives that benefit the whole Group.

Accordingly, these expenses are disclosed as a separate column, central corporate costs, within the Segmental note. These costs are borne within the Computacenter (UK) Limited legal entity and have been removed for Segmental reporting and performance analysis but form part of the overall Group adjusted[1] administrative expenses.

Total central corporate costs were flat on last year at £23.7 million (2021: £23.7 million). Within this:

- Board expenses, related public company costs and costs associated with Group Executive members not aligned to a specific geographic trading entity, decreased to £7.2 million (2021: £9.1 million). This level is comparable to that of 2020 with 2021 containing certain one-off costs in relation to the cancellation of Group-wide central meetings;
- share-based payment charges associated with Group Executive members as identified above, including the Group Executive Directors, decreased from £3.8 million in 2021 to £1.7 million in 2022, due primarily to the decreased value of Computacenter plc ordinary shares and the overall outlook for the vesting of in-flight PSP awards; and
- strategic corporate initiatives are designed to increase capability and therefore competitive position, enhance productivity or strengthen systems which underpin the Group. During the year this spend was £14.8 million (2021: £10.8 million), in line with forecasts, as the Group increases the pace at which it replaces legacy systems and consolidates around modern toolsets.

Cash flow

The Group delivered an operating cash inflow of £242.1 million for 2022 (2021: £224.3 million inflow).

During the year, net operating cash outflows from working capital, including inventories, trade and other receivables and trade and other payables, were £60.8 million (2021: £77.8 million outflow).

The Group had £417.7 million of inventory as at 31 December 2022, an increase of 22.4 per cent on the balance as at 31 December 2021 of £341.3 million. Whilst the closing balance was higher than the year before, it was materially lower than the high point of £532.6 million seen at the end of the third quarter.

Working capital cash flows during 2022 continued to be affected by both the revenue growth and the elevated inventory levels, in particular within our North American and German businesses. Throughout the year, a number of hyperscale customers continued to place advance orders of product with delayed delivery, due to the significant product shortages seen during the 18 months to 31 December 2022, to ensure continuity of supply. Additionally, inventory increased as we deliberately invested in working capital by pre-ordering inventory, once a committed purchase order had been received from the customer, thereby using the strength of our balance sheet to support our customers during product shortages. Further, a number of rack build orders took longer than expected to complete, sometimes due to shortages of smaller components required to complete the rack build. Finally, the transition of the FusionStorm business to the Group ERP, whilst now complete, did result in short-term operational issues that impacted working capital, as the picking and shipping of complex inventory items, invoicing and cash collection in particular experienced significant delays late in 2021. Whilst there is still scope for further efficiencies and process optimisation, this position has now significantly improved, as the FusionStorm entity has gained experience in using the system and tools and learnt how to leverage their advantages.

Reductions in inventory during the year were seen across the business, apart from in Germany where the workplace business has increased substantially, and North America. North American inventories, excluding the BITS business acquired during the year, increased by 16.8 per cent to £248.1 million, and increased by 4.5 per cent in constant currency[2]. The increase lagged revenue growth as year-end positions were closed out and a significant balance of inventory present at the cutover to the Group ERP system in September 2021 was successfully shipped to customers. German inventories increased by 41.8 per cent to £107.5 million, and by 34.4 per cent in constant currency[2] as inventory built up in the Integration Center, waiting for additional components and confirmed customer delivery dates before shipping to customers. We expect this German position to continue to improve during 2023. An additional Integration Center facility has been added near to the existing facility in Kerpen, which was running at record levels of capacity and utilisation, to provide additional inventory storage space and processing capacity which will, in turn, increase the throughput overall.

The implementation of additional inventory holding approval controls in the final quarter of the year, the continued focus from the Group Technology Sourcing and Finance teams, and the pending re-implementation of internal inventory holding charges across the sales teams from April 2023 has all contributed to this improvement. The sales teams are working with customers to realign inventory support expectations, now that the supply situation has materially improved across the industry. We expect that levels of inventory will continue to reduce towards historical operational norms during H1 2023.

At the end of 2022, as in 2021, the Group again saw significant levels of early payments from customers. Once again, we elected to retain the cash on the Group's balance sheet rather than make early payments to suppliers, to offset the extraordinary investments in working capital throughout 2022, as reflected in the closing inventory levels.

Capital expenditure in the year was £35.5 million (2021: £30.3 million) representing, primarily, investments in IT equipment and software tools, to enable us to deliver improved service to our customers.

The Group's Employee Benefit Trust (EBT) made market purchases of the Company's ordinary shares of £34.4 million (2021: £25.5 million) to satisfy maturing PSP awards and Sharesave schemes and to reprovision the EBT in advance of future maturities. During the year the Company received savings from employees of £6.2 million to purchase options within the Sharesave schemes (2021: £6.2 million).

During the year the Group made two acquisitions. The first was BITS, as described above, with the initial consideration paid of £26.6 million and net cash acquired of £0.6 million. The second was for Emerge for £3.0 million with net cash acquired of £0.7 million.

The Group reduced loans and credit facilities during the year by £16.6 million (2021: £89.0 million). We made regular repayments towards the loan related to the construction of the German headquarters in Kerpen and fully repaid the amount drawn under the Pivot credit facility and retired the arrangement, as detailed below.

The Group continued to manage its cash and working capital positions appropriately, using standard mechanisms, to ensure that cash levels remained within expectations throughout the year. From time to time, some customers request credit terms longer than our standard of 30-60 days. In certain instances, we will arrange for the sale of the receivables on a true sale basis to a finance institution on the customers' behalf. We would typically receive funds on 45-day terms from the finance institution, which will then recover payment from the customer on terms agreed with them. The cost of such an arrangement is borne by the customer, either directly or indirectly, enabling us to receive the full amount of payment in line with our standard terms. The benefit to the cash and cash equivalents position of such arrangements as at 31 December 2022 was £45.1 million (31 December 2021: £53.7 million). During December 2022, the Group engaged in a limited factoring programme of trade receivables within the German business, on a non-recourse basis, to provide assurance against unforeseen liquidity issues which did not, in the event, arise due to the continued aforementioned strength of cash receipts in the final weeks of the year. This factoring was for £46.1 million or 2.7 per cent of the trade receivables before provisions balance as at 31 December 2022. The Group had no other debt factoring at the end of the year, outside this normal course of business. There was no debt factoring activity in December 2021 outside the normal course of business described above.

Cash and cash equivalents and net funds

Cash and cash equivalents as at 31 December 2022 were £264.4 million, compared to £273.2 million at 31 December 2021. Net funds as at 31 December 2022 were £117.2 million (31 December 2021: £95.3 million).

The Group excluded £127.1 million, as at 31 December 2022 (31 December 2021: £146.1 million), of lease liabilities from its non-GAAP adjusted net funds[3] measure, due to the distorting effect of the capitalised lease liabilities on the Group's overall liquidity position under the IFRS 16 accounting standard.

Adjusted net funds[3] as at 31 December 2022 were £244.3 million, compared to adjusted net funds[3] of £241.4 million as at 31 December 2021.

Group Finance Director's review continued

Net funds as at 31 December 2022 and 31 December 2021 were as follows:

	31 December 2022 £m	31 December 2021 £m
Cash and short-term deposits	**275.1**	285.2
Bank overdraft	**(10.7)**	(12.0)
Cash and cash equivalents	**264.4**	273.2
Bank loans	**(20.1)**	(31.8)
Adjusted net funds[3] (excluding lease liabilities)	**244.3**	241.4
Lease liabilities	**(127.1)**	(146.1)
Net funds	**117.2**	95.3

For a full reconciliation of net funds and adjusted net funds[3], see note 31 to the Consolidated Financial Statements.

The Group had five specific credit facilities in place during the year and no other material borrowings.

At the start of the year, Pivot had a substantially unutilised $100 million senior secured asset-based revolving credit facility, from a lending group represented by JPMorgan Chase Bank, N.A. This was repaid in full during 2022 and all security was released on termination of the arrangement.

In addition, Pivot had £9.7 million (31 December 2021: £9.4 million) financed with a major technology partner for hardware, software and resold technology partner maintenance contracts that the Company had purchased as part of a contract to lease these items to a key North American customer.

The recently acquired BITS subsidiary maintains a ringfenced 'accounts receivable and inventory flooring arrangement' facility with Wells Fargo of up to $100 million, secured on the assets of that subsidiary. The facility is provided on a rolling basis and the latest amendment was signed on 5 July 2022. There was $2.5 million of interest-bearing debt relating to supplier invoices as at 31 December 2022, with an interest rate of 6.08 per cent.

On 9 December 2022, the Group entered into a multicurrency revolving loan committed facility of £200 million. This replaced the previous committed facility of £60 million which was terminated and all security was released. This new facility has a term of five years plus two one-year extension options exercisable on the first and second anniversary of the facility. The Group is subject to certain key financial covenants under this syndicated facility with Barclays, Lloyds, HSBC, BNP Paribas, JPMorgan Chase and PNC Bank. These covenants, as defined in the agreement, are monitored regularly to ensure compliance. As at 31 December 2022, the Group was in compliance with all covenants.

The Group also has a specific term loan for the build and purchase of our German office headquarters and fit out of the Integration Center in Kerpen, which stood at £10.4 million at 31 December 2022 (31 December 2021: £14.7 million).

For further information on these facilities, see note 23 to the Consolidated Financial Statements.

There were no interest-bearing trade payables as at 31 December 2022 (31 December 2021: nil).

The Group's adjusted net funds[3] position contains no current asset investments (31 December 2021: nil).

Trade creditor arrangements

Computacenter has a strong covenant and enjoys a favourable credit rating from technology vendors and other suppliers. Some suppliers provide standard credit directly on their own credit risk, whereas other suppliers decide to sell the debt to banks, which offer to purchase the receivables and manage collection. The standard credit terms offered by suppliers are typically between 30 and 60 days, whether provided directly or when sold to a third-party finance provider. In the latter case, the cost of the free-trade credit period is paid by the relevant supplier, as part of the overall package of terms provided by suppliers to Computacenter and our competitors. The finance providers offer extended credit terms at relatively low interest rates. However, these rates are always higher than the rate at which we deposit and therefore we do not currently use these facilities.

Capital management

Details of the Group's capital management policies are included in note 28 to the Consolidated Financial Statements.

Financial instruments

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items that arise directly from its operations. The Group's policy is not to undertake speculative trading in financial instruments.

The Group enters into hedging transactions, principally forward exchange contracts or currency swaps, to manage currency risks arising from the Group's operations and its sources of finance. As the Group continues to expand its global reach and benefit from lower-cost operations in geographies such as South Africa, Poland, Mexico and India, it has entered into forward exchange contracts to help manage cost increases due to currency movements.

The main risks arising from the Group's financial instruments are interest rate, liquidity and foreign currency risks. The overall financial instruments strategy is to manage these risks in order to minimise their impact on the Group's financial results. The policies for managing each of these risks are set out below. Further disclosures in line with the requirements of IFRS 7 are included in the Consolidated Financial Statements.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings, leases and loans for certain customer contracts. The Group's general bank borrowings, other facilities and deposits are at floating rates. No interest rate derivative contracts have been entered into. The undrawn committed facility of £200 million is at floating rates. However, the borrowing facility for the operational headquarters in Germany is at a fixed rate.

Liquidity risk

The Group's policy is to ensure that it has sufficient funding and facilities to meet any foreseeable peak in borrowing requirements. The Group's positive net cash was maintained throughout 2022 and at the year end was £264.4 million, with net funds of £117.2 million after including the Group's two specific borrowing facilities and lease liabilities recognised under IFRS 16. Excluding lease liabilities, adjusted net funds[3] was £244.3 million at the year end.

During the year, as the working capital of the Group increased, partly in order to support customers with longer lead times on hardware orders, which resulted in significantly higher inventory, the Group activated its uncommitted revolving credit facility and drew down £30 million to assure additional liquidity in the face of the working capital challenges, which the Group worked through towards the end of the third quarter of the year. This was fully repaid, and the facility was subsequently retired, before year end.

Due to strong cash generation over many years, the Group can currently finance its operational requirements from its cash balance, and it operates an informal cash pooling arrangement for the majority of Group entities. The Group has a committed facility of £200 million, which replaced previous facilities, that has an expiry date of 8 December 2027.

The Group has a Board-monitored policy to manage its counterparty risk. This ensures that cash is placed on deposit across a range of reputable banking institutions.

Foreign currency risk

The Group operates primarily in the United Kingdom, Germany, France and the United States of America, with smaller operations in Australia, Belgium, Canada, China, Hong Kong, Hungary, India, Ireland, Japan, Malaysia, Mexico, the Netherlands, Poland, Romania, South Africa, Singapore, Spain and Switzerland. The Group uses an informal cash pooling facility to ensure that its operations outside the UK are adequately funded, where principal receipts and payments are denominated in euros and US dollars. For countries within the Eurozone, the level of non-euro denominated sales is small and, if material, the Group's policy is to eliminate currency exposure through forward currency contracts. For our North American operations, most transactions are denominated in US dollars.

For the UK, the majority of sales and purchases are denominated in pounds sterling and any material trading exposures are eliminated through forward currency contracts.

The Group has been successful in winning international Services contracts, where Services are provided in multiple countries. We aim to minimise currency exposure by invoicing the customer in the same currency in which the costs are incurred. For certain contracts, the Group's committed contract costs are not denominated in the same currency as its sales. In such circumstances, for example where contract costs are denominated in South African rand, we eliminate currency exposure for a foreseeable period on these future cash flows, through forward currency contracts.

In 2022, the Group recognised a loss of £2.5 million (2021: loss of £0.9 million) through other comprehensive income in relation to the changes in fair value of related forward currency contracts, where the cash flow hedges relating to firm commitments were assessed to be highly effective.

The Group reports its results in pounds sterling. The weakness of sterling against most currencies during 2022, in particular the US dollar, positively impacted our revenues and profitability as a result of the conversion of our foreign earnings. The euro exchange rates during the year were not materially dissimilar to those seen in 2021.

The impact of restating 2021 results at 2022 exchange rates would be an increase of £135.4 million in 2021 revenue and an increase of £2.8 million in 2021 adjusted[1] profit before tax.

Credit risk

The Group principally manages credit risk through customer credit limits. The credit limit is set for each customer based on its creditworthiness, using credit rating agencies as a guide, and the anticipated levels of business activity. These limits are determined when the customer account is first set up and are regularly monitored thereafter. There are no significant concentrations of credit risk within the Group. The Group's major customer, disclosed in note 4 to the Consolidated Financial Statements, is a hyperscale North American technology company who typically settles outstanding amounts on shorter than average payment terms. The maximum credit risk exposure relating to financial assets is represented by their carrying value as at the balance sheet date.

Going Concern

Computacenter's business activities, business model, strategic priorities and performance are set out within this Strategic Report from the inside front cover to page 81.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out within this Group Finance Director's review on pages 64 to 67.

In addition, notes 27 and 28 to the Consolidated Financial Statements include Computacenter's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit and liquidity risk.

The Directors have, after due consideration, and as set out in note 2 to the Consolidated Financial Statements on page 155 of this Annual Report and Accounts, a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the Consolidated Financial Statements, as set out on pages 150 to 202 of this Annual Report and Accounts. Thus, they continue to adopt the Going Concern basis of accounting in preparing the Consolidated Financial Statements.

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the Group's prospects over a longer period than the 12 months required by the Going Concern Statement.

Viability timeframe

The Directors have assessed the Group's viability over a period of three years from 31 December 2022. This period was selected as an appropriate timeframe for the following reasons, based on the Group's business model:

- the Group's rolling strategic review, as considered by the Board, covers a three-year period;
- the period is aligned to the length of the Group's Managed Services contracts, which are typically three to five years long;
- the short lifecycle and constantly evolving nature of the technology industry lends itself to a period not materially longer than three years; and
- Technology Sourcing has seen greater recent growth than the Group's Services business, increasing the revenue mix towards the part of the business that has less medium-term visibility and is therefore more difficult to forecast.

Further, the Directors monitor conditions in the environment external to the Group and have concluded that the following factors continue to support the timeframe selected:

- the continuing macroeconomic, diplomatic and trade environment, following the departure of the UK from the European Union, introduces greater uncertainty into a forecasting period longer than three years;
- the prolonged macroeconomic impact of Covid-19, and in particular the effect on certain of our customers from the worsening global economic outlook, and the current increasing pace of change of technology adoption as a result;
- continuing short-term product shortages, resulting primarily from the Covid-19 impact on supply chains; and
- the likely short- to medium-term impact of the Russian invasion of Ukraine on the global macroeconomic environment, and the current economic crisis, including an exacerbation of supply chain issues currently being experienced and higher inflation.

Whilst the Directors have no reason to believe the Group will not be viable over a longer period than three years, we believe that a three-year period presents shareholders with a reasonable degree of confidence, while providing a longer-term perspective.

With regard to the principal risks set out on pages 74 to 81, the Directors remain assured that the business model will be valid beyond the period of this Viability Statement. There will continue to be demand for both our Professional Services and Managed Services businesses, and Management is responsible for ensuring that the Group remains able to meet that demand at an appropriate cost to our customers. The Group's value-added, product reselling Technology Sourcing business only appears vulnerable to disintermediation at the low end of the product range, as the Group continues to provide a valuable service to customers and technology vendors alike, as described on pages 14 to 15. The Group has seen significant business growth due to the end-to-end Technology Sourcing and Professional Services capability that it can deliver from its Integration Centers, which is a significant differentiating factor in this market.

Prospects of the Group assessment process and key assumptions

The assessment of the Group's prospects derives from the annual strategic planning and review process. This begins with an annual away day for the Board, where Management presents the strategic review for discussion against the Group's current and future operating environments.

High-level expectations for the following year are set with the Board's full involvement and are delivered to Management, which prepares the detailed bottom-up financial target for the following year. This financial target is reviewed and agreed by Management before presentation to the Board for approval at the December Board meeting.

On a rolling annual basis, the Board considers a three-year business plan (the Plan) consisting of the detailed bottom-up financial target for the following year (2023) and forecast information for two further years (2024 and 2025), which is driven by top-down assumptions overlaid on the detailed target year (2023). Key assumptions used in formulating the forecast information include organic revenue growth, margin impacts and cost control, continued strategic investments through the Consolidated Income Statement, and forecast Group effective tax rates, with no changes to dividend policy or capital structure beyond what is known at the time of the forecast. The financial target for 2023 was considered and approved by the Board on 8 December 2022, with amendments and enhancements to the target as part of the full Plan considered and approved by the Board on 16 March 2023.

Impact of risks and assessment of viability

The Plan is subject to rigorous downside sensitivity analysis, which involves flexing a number of the main assumptions underlying the forecasts within the Plan. The forecast cash flows from the Plan are aggregated with the current position, to provide a total three-year cash position against which the impact of potential risks and uncertainties can be assessed. In the absence of significant external debt, the analysis considers access to available committed and uncommitted finance facilities, the ability to raise new finance in most foreseeable market conditions and the ability to restrict dividend payments.

The potential impact of the principal risks and uncertainties, as set out on pages 74 to 81, is then applied to the Plan. This assessment includes only those risks and uncertainties that, individually or in plausible combination, would threaten the Group's business model, future performance, solvency or liquidity over the assessment period and which are considered to be severe but reasonable scenarios. It also takes into account an assessment of how the risks are managed and the effectiveness of any mitigating actions.

The combined effect of the potential occurrence of several of the most impactful risks and uncertainties is then compared to the cash position generated throughout the sensitised Plan, to assess whether the business will be able to continue in operation.

For the current period, the primary downside sensitivity relates to a modelled, but not predicted, severe downturn in Group revenues, beginning in 2023, simulating a continued impact for some of our customers from the Covid-19 crisis, a reduction in customer demand due to the current economic crisis, and ongoing impact on the Group's revenues from supply shortages. This sensitivity analysis models a continued market downturn scenario, with slower than predicted recovery estimates, for some of our customers whose businesses have been affected by Covid-19 and a similar downturn occurring for the remainder of our customer base as a result of the emerging negative global macroeconomic environment due to the current economic crisis. A further impact on the Group's Technology Sourcing revenues through the second half of 2023 from possible ongoing vendor-related supply shortage issues has also been included in the sensitivity analysis.

Conclusion

Based on the period and assessment above, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities, as they fall due, over the three-year period to 31 December 2025.

Fair, balanced and understandable

The Board confirms that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Management undertakes a formal process through which it can provide comfort to the Board in making this statement.

s172 statement and non-financial information statement

s172 statement

When conducting any activity in his or her role as a Computacenter plc Director, our Board members must act in a way that they consider is most likely to promote the success of the Company for the benefit of its members as a whole, having regard to a number of factors set out in section 172 of the Companies Act 2006. These include the interests of our employees, importance of fostering business relationships with our suppliers and customers, impact of our operations on the community and environment, likely consequences of any decision in the long term, desirability of the Company maintaining a reputation for high standards of business conduct and the need to act fairly between the members of the Company. Each Director considers that they have acted in a manner consistent with his or her section 172 duty throughout the year.

The Board understands that without our key stakeholders, the Company would not be able to successfully implement its strategy, and Our Purpose would be unachievable. Understanding their interests, views and concerns, and considering these when reviewing and discussing matters put before it for review or approval as part of its annual programme, is critical to enabling the Board to make informed decisions, and for each Director to discharge their duty under section 172. In the sections set out in the table opposite, we explain how the Company's programme of engagement with our key stakeholders enabled our Board members to do so.

In some cases, this engagement directly involves the Board or its members, and this is almost exclusively how engagement with our shareholders takes place. Given the size and geographic diversity of our business, the majority of engagement with our customers, technology vendors, people and communities takes place at an operational level across the organisation. Where this was the case, the Board ensured that it had been updated on the nature and outcomes of this engagement during the year.

We have also set out the factors listed under section 172 which the Board considered when reviewing Board-level matters or making decisions during the year. These can be found on pages 94 to 95. The results of the Board's decision-making, and the outcomes produced by each Director discharging their section 172 duty can be found throughout this Annual Report and Accounts. Therefore, the following sections have been incorporated by reference into this section 172 statement and, where necessary, the Strategic Report.

Sections incorporated into section 172 statement

Relevant information	Pages
• Technology Sourcing, Managed Services and Professional Services	14 to 17
• Our approach to the market	18 to 19
• Our business model, our investments and our strategic priorities	20 to 23
• Our performance in 2022	24 to 37
• Sustainability	38 to 53
• TCFD disclosures	54 to 57
• Viability Statement and Going Concern	67 to 68
• Non-financial information statement and stakeholder engagement	69 to 73
• Principal risks and uncertainties	74 to 81
• Board activity in 2022	94 to 95
• Reports of the Board's Committees	98 to 133

Non-financial information statement

Computacenter aims to comply with the Non-Financial Reporting Directive requirements contained in section 414 of the Companies Act 2006. This requires us to set out in our Annual Report and Accounts certain information on the non-financial matters listed below, including related policies, due diligence and outcomes for those matters listed at sections 3-7.

Reporting requirement	Relevant information	Page
1. Business model and non-financial key performance indicators	• How we build sustainable value • Strategic priorities	18 to 21 22 to 23
2. Principal risks and impact of business activity	• Viability Statement • Principal risks and uncertainties	67 to 68 74 to 81
3. Employees	• Sustainability – people • Stakeholder engagement – people	42 to 45 71
4. Social matters	• Sustainability – people and planet • Stakeholder engagement – communities	42 to 52 73
5. Human rights	• Sustainability – people and planet	42 to 52
6. Anti-bribery and corruption	• Sustainability – planet • Sustainability – governance, ethics and compliance	46 to 52 53
7. Environmental matters	• Sustainability – planet • TCFD reporting	46 to 52 54 to 57

Our key stakeholders enable Computacenter to create value for them

Our people and technology vendors provide us with expertise and leading digital technology that underpins the competitiveness of our customer offering. Our customers place their trust in us to Source, Transform and Manage their digital technology to help them change the world. Our shareholders provide capital support that allows us to build a sustainable business for the long term, whilst the communities in which we operate support the social, economic and personal interests of our other key stakeholders. Collectively, they are an indispensable part of how we do business. Having their support, and ensuring that we address their views, interests and concerns where we can do so, is of paramount importance to us.

Our customers

Why we engage and what matters to them

Our Winning Together Values are unambiguous: we put our customers first, we keep our promises to them, and we always prioritise the long term in our dealings with them.

Our Purpose is helping our customers change the world. One of our principal risks is that we fail to invest appropriately to maintain our competitiveness. We can only support our customers and mitigate against this risk through a deep understanding of their current and likely future needs and views, including general market trends, ensuring that our offerings and investment decisions are aligned with these.

Our collaboration with customers requires continuous two-way engagement, so we can adapt with them as their digital environments and related technology needs evolve. They expect us to be responsive to their requirements, and flexible, commercial, and creative in how we deal with these, adding value and delivering services to them in a way which reflects agreed terms, and is safe and sustainable.

Our principal forms of engagement with them during the year and how this was fed back to the Board

Day-to-day engagement with our customers takes place through a wide variety of channels, generally covering our levels of customer service and performance, and future commercial opportunities. This engagement often includes face-to-face meetings, customer training and workshops, as well as dialogue through dedicated client directors and account managers, our service support functions and, where necessary, our Country Unit and Group Management teams. Regular meetings also take place between our Chief Executive Officer or Group Executive Committee members and key customers, to discuss their view of Computacenter. Regular customer surveys and other structured mechanisms exist for obtaining feedback on our performance. As part of this, the Board reviews an external, independent survey of our customers, covering various categories and metrics of performance.

During the year, the Board received presentations covering feedback on these areas from our German and United Kingdom management teams, and through the Chief Executive Officer's performance updates, which included details of significant contract bids and wins, and material customer issues where they arose.

The outcomes of this engagement and how this impacted Board decision making

Key feedback received from customers and discussed by the Board included their demand and investment capacity for IT infrastructure and systems, and how their current and future buying behaviours, both in terms of volume and timing, were likely to be impacted by any concerns around: the macroeconomic outlook across some of our core European countries; IT supply chain issues which were prevalent in the first half of the year, but generally unwound thereafter; and rates of inflation, especially in the United Kingdom. This has allowed the Board to set, on an informed basis, realistic but stretching financial targets for 2023, and to understand how and when the expected build-up of inventory held by the Group was likely to unwind, impacting the Group's net funds position and use of working capital. This enabled the Board to guide the market on this issue in its trading updates during the year.

The Board also reviewed the results of an external, independent customer survey, which showed that Computacenter was perceived to be particularly strong in end-user services, and that it had high levels of customer satisfaction in each of its core countries. This review enhanced the Board's understanding of our target market and competitive positioning, including how existing or potential customers viewed the performance of our competitors across defined segments and geographies.

Customer feedback and analysis was also key in allowing the Board to review and approve Management's recommendations for the Group's three-year strategic plan for 2023-2025, including judgements in which areas Computacenter should develop its customer-value proposition in order to gain competitive advantage and ensure appropriate returns on invested capital, and whether, how and when it should expand its global reach and geographic footprint to support existing and future customer requirements. It also informed the Board's assessment of the level of investment required for Computacenter to be able to grow its customer base, enhance contribution from key customers and grow market share within our target markets.

These judgements, in turn, informed additional Board decision making during 2022, including the approval of acquisitions that align with the Group's strategic objectives, such as the acquisition of BITS in the United States. Understanding areas of customer focus, including information security and sustainability, assisted the Board in identifying areas of investment, such as in our ongoing cyber security programme, IT services management tooling and our IT roadmap project, when approving the 2023 budget. Presentations to the Board concerning two material Managed Services bids which required, and were given, Board approval in 2022, has allowed Directors to understand specific customer priorities, including the balance between pricing, service quality and the allocation of risk under proposed deal terms.

The Board also received a presentation by the Group's Chief Commercial Officer which included analysis on changes in customer buying behaviours driven by Brexit, Covid-19, global shortages and constraints, and inflation, and around the importance of automation to long-term growth and scale within our Integration Centers. As a result, the Board approved a related £3 million investment.

Our people

Why we engage and what matters to them
Our people are at the centre of what we do and are essential for our future growth. They implement and promote our culture, as set by the Board, on a day-to-day basis. Externally, they represent Computacenter when interacting with our other key stakeholders, building relationships, generating long-term trust, and developing knowledge of their requirements and preferred ways of operating.

We want to attract, retain and develop people who understand and promote our strategy, performance, culture, values and Our Purpose. Failure to recruit and retain the right calibre of people to our talent pool is one of our principal risks (as set out on page 81). Clear, consistent and frequent engagement with our people, and the groups that represent them, helps us to mitigate this risk, understand their key challenges and concerns, and what they perceive these to be for the Group.

Our people expect us to provide fair and safe working conditions for them, and to help create an environment where they can get the best out of themselves. Engagement allows us to understand how we can continually strive to do this better.

Our principal forms of engagement with them during the year and how this was fed back to the Board
Our nominated Non-Executive Director for Workforce Engagement, Ros Rivaz, completed a programme of engagement which the Board approved at the beginning of the year. She met with a number of Works Councils and employee representative groups, including from one of our key emerging locations, Computacenter India. Having been in the role since 2017, she brings a balance of independence and knowledge of the Group, as well as expertise and experience in employee-related matters such as remuneration. She presented to the Board on multiple occasions during the year.

Engagement with our employees also takes place through Management meetings with formal employee representative groups, such as our Works Councils in Europe and our 'MyForum' body in the United Kingdom, which involve two-way interaction and feedback, and employee Q&A sessions, driving change through discussion. The Chief Executive Officer's 'This Week' email is sent on a weekly basis to all employees, covering topics of interest such as business performance and trends, as well as Board and senior Management views on those areas. Employees are given the opportunity to provide their views and feedback to the office of the CEO (via a dedicated email address) on the topics addressed and views given.

Engagement also happens on an ongoing basis at all levels across Computacenter, as a result of the management structure in place, and the supporting activities of Group Human Resources. This ensures that the issues and feedback raised are considered and escalated. The transparent, effective communication that results is further supported by the operation of an independent, external Speak Up hotline, from which relevant reports submitted by employees are reviewed by the Audit Committee on behalf of the Board.

The Group clearly communicates its expectations of our people in how they represent Computacenter and conduct themselves in doing so, through a comprehensive set of policies and training, focused on areas which develop, support and protect them. Group-wide employee surveys are also carried out on a biennial basis, with smaller Group function or geography-specific surveys being completed on an ongoing basis. The results in 2022 were presented to the Board twice by the Chief People Officer.

The outcomes of this engagement and how this impacted Board decision making
Employees had a range of views concerning the importance of office attendance, including on the ability of our people to collaborate and communicate effectively when not in a face-to-face environment, and its impact on the Group's culture and operating performance. This feedback was incorporated into the Board's discussions on the Group's culture, with specific reference to ensuring that it continues to be embedded effectively, especially for new joiners and in office locations geographically distant from our main operating countries. The Board recognised the increasing importance of clarity of Our Purpose, and comprehensive communication of it, for Computacenter to sustain its culture in a hybrid working environment. Having directed Management to review it, the Board approved a refreshed and updated Our Purpose. This can be found on page 7.

Feedback from employees also asked for more effective and frequent communication of the Group's sustainability objectives, and the progress made against these. Following direction from the Board, full details of our environmental commitments and journey are clearly communicated to our people through our Group-wide 'ONE CC' intranet.

Engagement across our core countries has made clear the impact of inflation on our employees in 2022, including the cost of living crisis in the United Kingdom. This was fed back to the Board and Remuneration Committee as part of direct updates from the Chief Executive Officer and the Chief People Officer. Following its discussions, and as proposed by Management, the Board approved an unscheduled one per cent salary increase for all employees with effect from 1 April 2022 (except for the Executive Directors and Group Executive Committee members). Scheduled Group salary reviews were carried out at the end of the year, resulting in an average uplift of salary for employees across the Group during the year of approximately 6.1 per cent. The Board considered this an appropriate balance between helping to mitigate the impact on employees, whilst ensuring a sustainable cost base for the business moving forward.

Further feedback from employees provided to the Board included requests for: increased clarity and transparency of career pathways; more effective communication in advance of significant change programmes; and education of our people at more junior levels on the Group's strategy. The Board directed Management to respond to each of these areas.

Our shareholders

Why we engage and what matters to them

Our shareholders want an appropriate return from their investment in Computacenter. To help them achieve this, and make effective investment decisions, they want to understand our strategy, our current or projected operational or financial performance, and our approach to environmental, social and governance (ESG) matters. Shareholders have different risk appetites, and different preferences for capital or income-based returns and the time horizon for delivering those returns.

Two-way engagement helps Management and the Board to understand shareholders' range of views on specific issues and allows current and potential shareholders to make informed decisions concerning investment in Computacenter.

Our principal forms of engagement with them during the year and how this was fed back to the Board

The Chair and the Company Secretary undertake a governance roadshow with significant shareholders following the release of the Annual Report. The Executive Directors hold shareholder meetings and roadshows during the year, following the release of the Group's full-year and half-year results, for which they also give presentations to sell-side analysts and institutional shareholders. Following these meetings, the Group's brokers conduct follow-up interviews with shareholders and analysts and produce reports which are reviewed by the Board at its following meeting. These reports include existing and potential shareholders' articulation of the investment case in Computacenter plc shares, including attractions or barriers to investing, as well as their view on the Group's recent performance, and perceived opportunities and challenges.

Computacenter also offers shareholders the opportunity to meet the Directors and ask questions at the Company's AGM. In 2022, the Company consulted with major shareholders to get their views on the Group's Directors' Remuneration Policy, with a view to incorporating these in the revised Directors' Remuneration Policy being put to shareholders at the AGM in May 2023. Further details on the consultation process, and its outcomes, are available in the Directors' Remuneration Report on page 110.

The Company also communicates with its shareholders through its regulatory announcements, and our Annual Report updating them on strategy, performance and governance. The Company Secretary receives ad hoc queries and comments from shareholders during the year, and these are discussed with the Chair and, where appropriate, included within updates to the Board.

The outcomes of this engagement and how this impacted Board decision making

Feedback from our institutional shareholders focused on a number of areas. These included significant interest in the opportunity, strategy and prospects for growth in the United States business, and the pace of integration of recent United States acquisitions. Board discussion, which incorporated this feedback, concluded that whilst the United States business continued to grow organically, Computacenter would take additional acquisition opportunities to improve its positioning where they represented a compelling strategic and cultural fit with the Group.

This resulted in the identification and acquisition of BITS during the year, which will give Computacenter a much stronger presence in the Mid-West of the United States, bringing with it a high calibre of people and leadership.

As in previous years, there was focus on the Company's share price against its peers across relevant geographies and sectors. As a result, the Board directed that representatives of our broker present to it on this, to enhance its understanding of factors that drive the share price. This enabled the Board to assess and consider these factors in its decision making during the year, whilst balancing these against its risk appetite.

Shareholders also showed interest in the Group's priorities for its use of cash, including a range of views around the attractiveness of share buybacks, and further acquisitions in the United States. These were reflected in Board discussions and decision making concerning: the quantum of dividend declarations (which the Board considered, and balanced against other stakeholder interests concerning our balance sheet strength, investment capacity and long-term viability of the Group), resulting in a 2021 final dividend of 49.4 per share and a 2022 interim dividend of 22.1 per share; approval of the Company's dividend policy, which the Board decided to leave unchanged; the refinancing approved by the Board of its revolving credit facility completed during the second half of the year; and the Company's retention of its Treasury Shares.

There was also particular interest in the Group's succession planning for the Executive Directors, which is discussed frequently at Board and Committee level. This priority is shared by the Board which, primarily through the work of the Nomination Committee, has been focused during the year of succession planning for the Group Finance Director. Its preparations assisted in the identification and approval of the role specification and subsequent appointment process, which resulted in the appointment of Christian Jehle as Chief Financial Officer with effect from June 2023.

Performance-related areas of interest from shareholders included the United Kingdom business performance, how Services margins would be impacted by the unwinding of Covid-19-related benefits, and over what timeframe the increased levels of inventory held by the Group, due to supply chain shortages in the IT industry, would normalise. The Board has ensured that these issues were addressed in the Group's performance updates to the market during the course of the year.

Through periodic updates from the Remuneration Committee Chair, the Board was also made aware of the views of shareholders responding to the Company's consultation exercise over its proposed approach to the revised Directors' Remuneration Policy. The positive feedback received from shareholders concerning the appropriateness of the existing Policy assisted the Board in approving, on the recommendation of the Remuneration Committee, that the revised policy should not contain any material changes and that Computacenter's executive remuneration framework should be left largely unchanged.

Our technology vendors

Why we engage and what matters to them

Our technology vendors are critical for us, and we invest time and effort in ensuring that our relationships with them remain robust and healthy, for mutual benefit. We aspire to be their preferred route to market for our chosen customer target market, and they benefit from our customer intimacy, which comes from our focus on long-term, multi-level strategic relationships.

Through engagement with our customer teams and by working in partnership, we add value and drive customer satisfaction with our technology vendors' products. To facilitate that and enable us to grow together, we need to maintain strong and sustainable working relationships, on both a day-to-day and strategic level, covering operational, engagement and commercial support.

Our principal forms of engagement with them during the year and how this was fed back to the Board

Our technology vendors' customer-aligned sales and technical personnel and our sales, technical and services teams engage regularly to ensure strong working partnerships, on a customer-by-customer basis. The Group Technology Sourcing team formally engages with our technology vendors on a day-to-day basis, as well as at management and executive level, to maintain strong partnerships and to continue to deliver operationally and strategically. Technology vendors share product and strategy information at multiple formal and informal events during the year, to enable us to fully support our customers' initiatives and business planning.

This requires both technical and commercial engagement across Computacenter and includes inviting representatives of our technology vendors to speak at our Group-wide annual sales event, at which the Board is present, where they communicate their latest technical innovations, their view of how our organisations can most effectively work together and their areas of focus for the year. The Board received updates from the Chief Executive Officer, Chief Commercial Officer, and other members of the senior Management team on the views of our technology vendors and reviewed the Group's Technology Sourcing strategy and tooling capabilities.

The outcomes of this engagement and how this impacted Board decision making

A focus of engagement with technology vendors has been to understand their latest views on the supply chain issues impacting the IT industry, which were particularly prevalent during the first three quarters of the year. Engagement helped to give early visibility of particularly acute supply chain issues within specific technology vendors or by lines of business, including networking, data center and workplace, and also allowed Management to form a view and update the Board on the likely duration of the issues, and importantly when the constraints were likely to ease. It also allowed the Board and Management to assess the resulting challenges and space issues within the Group's Integration Centers as a result of increased inventory.

This engagement helped to inform the Board's discussions around the Group's cash position, and its approval of related statements made by the Group in its performance updates during the year. Understanding the global supply chain issues in detail was part of the Board's assessment, given increased levels of inventory and parts, in approving a £3 million automation solution for our Integration Centers. For further detail on how the Board considered the interests of our technology vendors during the year, please see pages 94 to 95.

Our communities

Why we engage and what matters to them

We seek to build long-term trust with our stakeholders. These include the communities in which we, and our other stakeholders, live and work. Our local communities support our ability to do business and supporting them in return is our responsibility. By doing so, we aim to inspire our people, to illustrate more widely our commitment to understanding people matter (one of our core values), and to maintain and enhance our corporate reputation. Our local communities are interested in ensuring that our operations are sustainable and safe, so that the positive economic and social impact that Computacenter has on them is protected over the long term and increases over time. They expect us to engage with them on social and environmental issues that matter to them, including areas such as diversity and inclusion, and the sustainable use of resources within our operations. They also expect us to act ethically, to treat our stakeholders fairly and, where possible, to support them financially or with our time.

Our principal forms of engagement with them during the year and how this was fed back to the Board

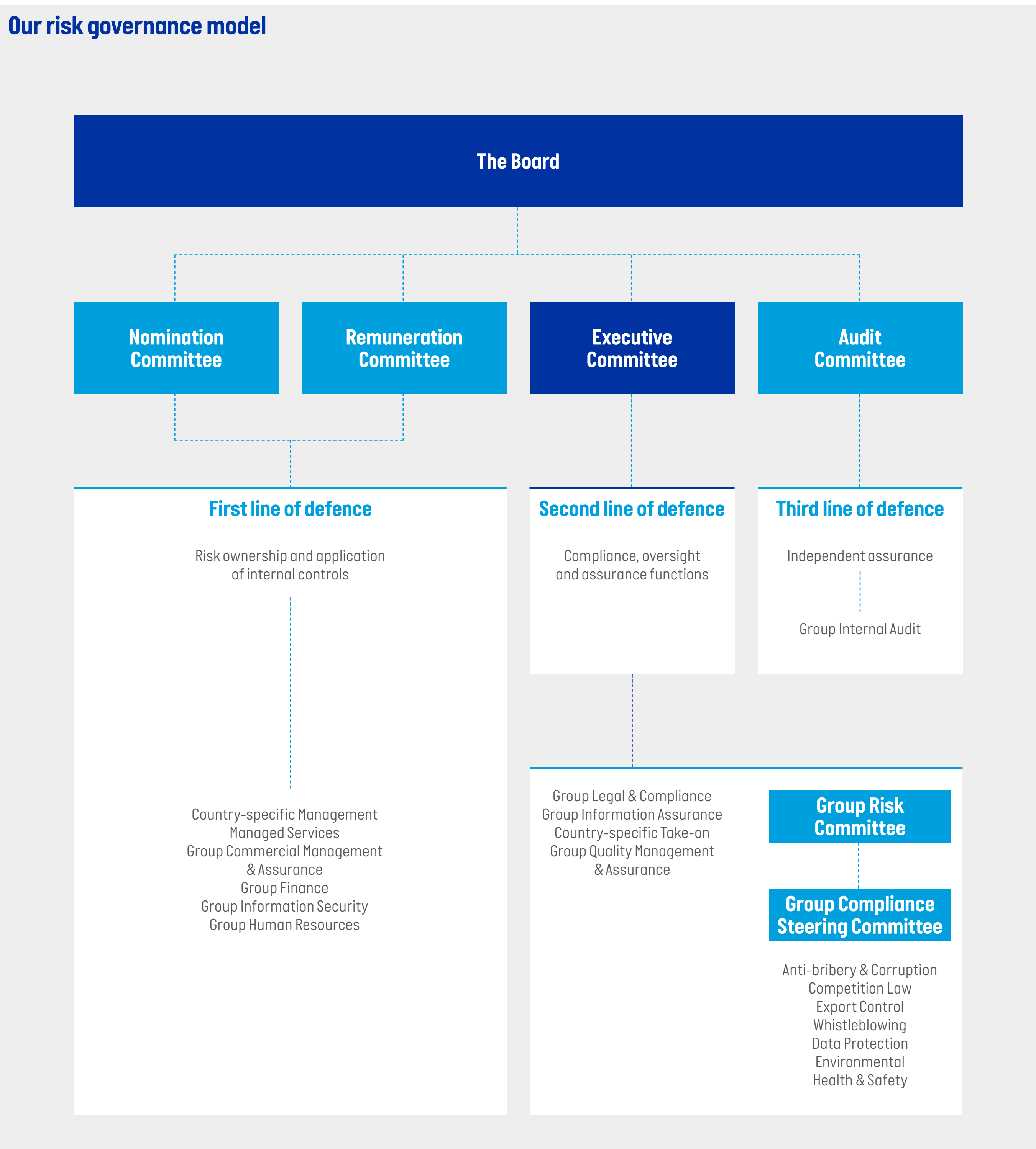
Our engagement is primarily focused on school, community and university outreach programmes, with a focus on encouraging young people to take up science, technology, engineering and mathematics (STEM) careers, thereby addressing skills shortages, increasing diversity across STEM, improving social mobility and raising aspirations. Over 140 employee volunteers supported our educational outreach programme, Bright Futures, during 2022, reaching over 34,000 students and young adults. The Bright Futures' mission is to support the next generation of young people by inspiring them to follow a career in technology. For further information on our engagement with our local communities, please see pages 38 to 52. The Board received frequent updates from the Group Development Director on our activities to engage with and support our local communities, and our commitments and reporting relating to the environment and climate change.

The outcomes of this engagement and how this impacted Board decision making

Our engagement in schools and universities makes clear the importance that many within those environments place on preventing climate change, including through the reduction of carbon emissions, as well as encouraging and increasing diversity across all areas of society. As explained in more detail on pages 38 to 52, the two areas are central pillars of the Group's approach to ESG which is periodically reviewed and approved by the Board – our 'People, Planet and Solutions' approach. Feedback from engagement, along with the wider views, interests and expectations of our local and national communities, are considered by the Board when setting the Group's environmental targets and commitments, such as being Net Zero by 2040, and in its direction that the Group be carbon neutral in 2022. The environmental and social objectives set for the Executive Directors, as part of their 2022 annual bonus targets, by the Remuneration Committee on behalf of the Board included a corporate objective to increase gender diversity across the organisation, as well as the continued development of climate change initiatives by the Company. Whilst not specifically related to feedback from our communities, the Board also considered their interests and expectations when reviewing the Group's Modern Slavery Act statement and Gender Pay Gap reporting during the year.

Principal risks and uncertainties

Our risk governance model



Risk overview

Our long-term success is built on a clear strategic direction, contractual and operational excellence and effective business services functions, such as Finance, Human Resources, and Legal and Compliance, which support customer-facing employees to fulfil their obligations effectively. All of this is underpinned by an advanced IT infrastructure, hosting both internal and customer platforms. Our strategic, contractual and infrastructure risks are largely determined by the industry in which we operate and our long-term approach to adding value. Our financial and people risks are defined by the wider economic environment, the way we run our business day-to-day and our long-term employee needs. While outside factors are beyond our control, our risk management approach is committed to managing the impact of these influences, while controlling the internal elements vital to our success.

Risk trends

The overall risk landscape has changed due to specific threats and our response to them as discussed below.

We use the three lines of defence model with regards to the assurance over key risks. This includes a mapping exercise which considers the level of assurance afforded by each of the compliance and oversight functions, when considering the overall level of assurance provided over each risk. To aid the appreciation of the risks facing the Group, we have categorised them into five main areas.

Strategic: the strategic-level risk profile is one of long-term risk due to technological change, including Computacenter's ability or otherwise to innovate effectively, and the global nature of our operations exposing us to specific political and economic influences. While our response continues to mature in line with market and customer changes, the prioritisations we will need to make in the next few years increase the risk trajectory overall.

Contractual/Operational: our main focus remains on the effective governance of contracts, both in the pre-deal phase and in delivery. We continue to extend the use of our Service Quality Management framework to improve the underlying quality of sales, bid governance and operations. We also continue to recognise the need for effective acquisition integration, and compliance and reputational risks in relation to data privacy and ESG matters as principal risks. We recognised supply chain shortages as a principal risk for the first time this year. Overall, we believe the main contractual and operational risks have remained at the same level, underlined by our robust governance structures we have in place.

Infrastructure: cyber security remains at the forefront of discussions for the Board and at both the Risk and Audit Committees. Cyber security risks are increasing due to the greater activity of a range of cyber threat actors, including nation states, worldwide. This greater activity has resulted in more sophisticated and more frequent cyber attacks against IT infrastructure. Computacenter, along with other companies of a similar size and profile that operate within our sector, has been the target of cyber attacks in recent years. Our defensive systems and processes have, to date, ensured that these attacks have been identified and mitigated without any material impact on our financial or operational performance. However, the need to update some of our core systems in the coming years increases the overall risk profile.

Financial: we continue to concentrate on the fundamentals for our business, including the effective management of working capital. The current volatile macroeconomic situation, especially in relation to inflation, interest rate increases and potential recession is also a cause for concern, increasing our financial risk overall.

People: our people remain integral to the continued success of our business. The risks reflect the importance we place on experience, inclusivity, openness and collaboration but there has been no change to the risk profile.

Risk appetite

Our risk appetite is strongly influenced by our experience in our industry sector. At an operational level, we have a higher risk appetite for business development where we have experience of the risks and a lower risk appetite where we have less experience. This is supported day-to-day by our operating policies and governance processes, which include decision-making support and authority over new contracts and contract changes.

Risk culture

Risk management and governance processes are well established and understood within the business and operate at all levels. Strategic-level risks are monitored by the Risk and Audit Committees, as well as by the Board. Lower-level operational risks are identified, analysed and mitigated at a functional level on an ongoing basis, using well-embedded processes.

Risk identification and impact

Risk assessment and reporting are designed to provide the Board with a Group-wide perspective of key risks.

The Group Risk Committee, which reports to the Audit Committee, meets four times per year and reviews our principal risks, which are the main barriers to meeting our strategic goals, on an ongoing basis. This top-down approach includes assessing whether emerging risks are sufficiently significant to warrant inclusion in the Group Principal Risk Log. If so, the likelihood of occurrence and potential impact are considered, and the risk is subject to regular review. Regular reporting to the Group Risk Committee by the respective risk owners includes an assessment of the likelihood and cost impact of each risk, a consideration of non-financial impacts, risk appetite, key risk indicators, potential risk triggers and an assessment of mitigating controls. The Group Principal Risk Log is reviewed by both the Audit Committee and the Board. The key risks are considered further in relation to the long-term Viability Statement (see pages 67 to 68).

Other lower-level risks outside the principal risks are identified and analysed in two ways. These are:

1. Through the bottom-up Group Operating Business Risk Assessment process (GOBRA), which is completed by over 100 managers across the business. The results of this process are reviewed by the Group Risk Committee. This includes validating these risks against the principal risks, to ensure that all potential threats are considered. Lower-level risks are often triggers for crystallising principal risks, so their careful management remains an important consideration.

2. Via the Group Compliance Steering Committee (see risk governance model) which assesses reports from the Compliance Management System for the areas under its remit.

Principal risks and uncertainties continued

Risk Management framework

The Board

- Sets strategic objectives
- Defines risk appetite
- Has overall responsibility for the Group's risk management process and internal control systems
- Monitors risk exposure in pursuit of our strategic objectives

Audit Committee

- Reviews the effectiveness of our risk identification and risk management process
- Reviews the effectiveness of internal control systems
- Supports the Board in monitoring risk exposure

Group Risk Committee

- Sets the risk management process
- Provides oversight and challenge on the effectiveness of risk mitigation for our principal risks
- Considers emerging risks and also high-impact/ low-likelihood risks

Internal Audit

- Internal Audit plans are focused on providing assurance on our principal risks to assist the Audit Committee in its review of the effectiveness of the risk management process and of our internal control systems

Operational level

- Group-wide risk identification and assessment
- Ongoing monitoring of mitigations performed across the Group through management, key performance indicators and review by the appropriate Risk Manager
- Internal controls embedded across the Group

Top-down

Identification and assessment of risk by senior Management

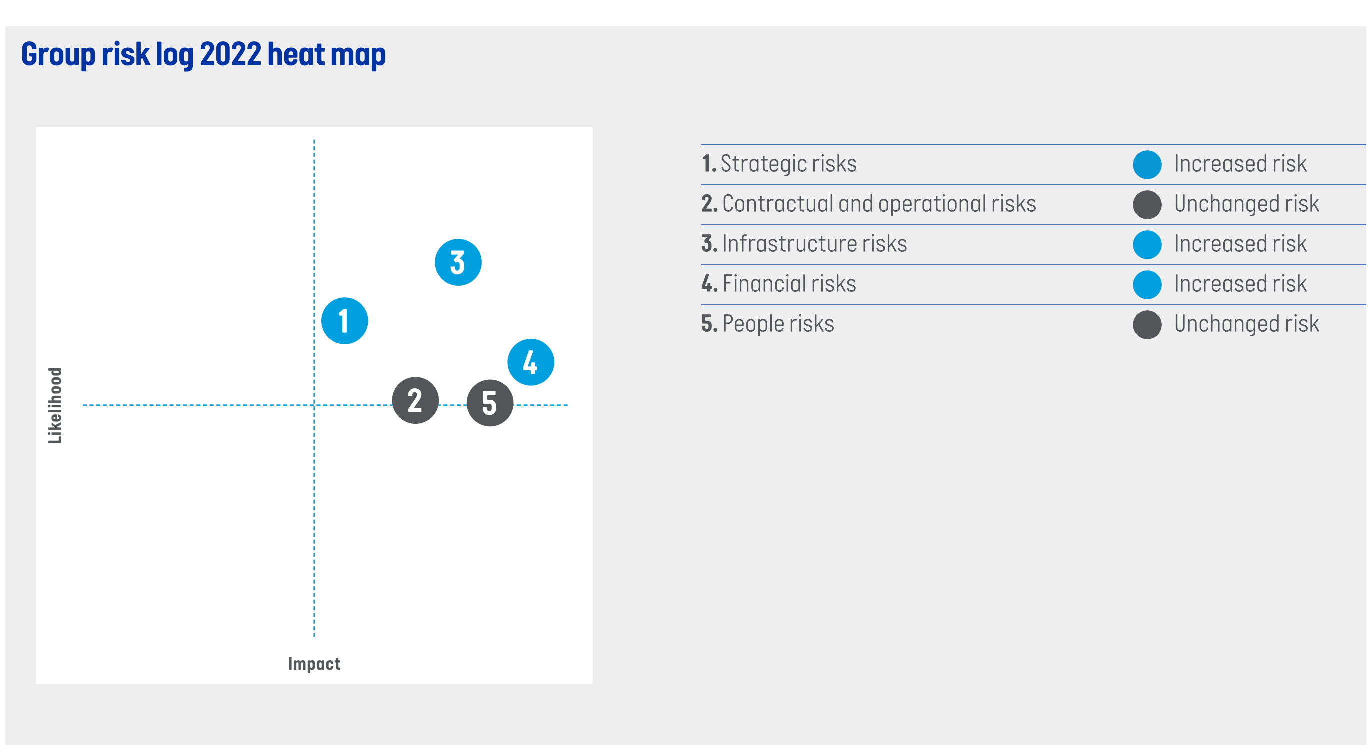
Bottom-up

Identification, assessment and mitigation of risk for business and functional areas, delivered through our Group Operating Model and GOBRA

The risks presented below are the principal risks that existed during 2022, as reported in the Annual Report and Accounts 2021 and were modified during the year through the risk identification and impact process.

Our four strategic priorities	**Customer relationships** Retain and maximise the relationships with our large corporate and public sector customers over the long term	**Customer value** Build unrivalled value for our target market customers by combining our service and product capabilities	**Services growth** Lead with and grow our Services	**Productivity** Improve our productivity and enhance our competitiveness by leveraging our scale and building efficiencies
RISK CATEGORIES:				
Strategic risks				
Market shift in technology usage	●	●	●	●
Increasing global nature of operations	●	●	●	●
Contractual and operational risks				
Lack of effective pre-contract processes	●	●	●	
Lack of effective post-contract delivery	●	●	●	●
Supply chain shortages	●	●		
Acquisition integration	●	●	●	●
Compliance/reputational risk	●		●	
Infrastructure risks				
Cyber threat	●	●	●	
Integrity failure of critical systems	●	●	●	●
Financial risks				
Ineffective working capital management		●		●
Heightened macroeconomic factors	●	●		
People risks				
Poor employee recruitment and retention	●	●	●	●
Inadequate succession planning	●	●	●	●

Group risk log 2022 heat map



Principal risks and uncertainties continued

1. Strategic risks

Alert status

Increased in line with the need to prioritise our responses

Risks

- Market shift in technology usage, making what we do less relevant or superfluous and we fail to invest appropriately to defend our competitiveness
- The increasingly global nature of our operations exposes us to additional and specific political and economic influences, such as geopolitical risk relating to our operational base and changes in the competitive landscape for certain business activities which attract large global competitors

Principal impacts

- Reduced margin
- Excess operational employees
- Contracts not renewed
- Missed business opportunities

Mitigation

- Well-defined Group strategy, backed by an annual strategy process that considers our offerings against market changes
- Group Investments and Strategy Board, which considers strategic initiatives
- Additional measures including CEO-led country, sector and win/loss reviews

Risk owners

- Group Development Director
- Managing Director Managed Services

2. Contractual and operational risks

Alert status

Unchanged

Risks

- Lack of effective pre-contract processes, resulting in poor design, costing and pricing, leading to loss-making contracts or a failure to win bids
- Lack of effective post-contract delivery
- Failure to comply with applicable laws and regulations or meet our commitments in relation to the protection of employees and customers' personal data, and in relation to environmental, social and governance matters, leading to potential fines and/or reputational damage with customers and other stakeholders
- Supply chain shortages leading to excessive working capital investment and potential customer dissatisfaction
- Lack of effective acquisition integration and failure to deliver on acquisition objectives

Principal impacts

- Customer dissatisfaction
- Financial penalties
- Contract cancellations
- Reputational damage
- Reduced margins
- Loss-making contracts
- Reduced service and technical innovation

2. Contractual and operational risks continued

Mitigation

- Mandatory governance processes relating to bids and new business take-ons, including risk-based decision-making assessments and new tooling
- Focus on service design excellence underpinned by associated processes such as the Deal Lifecycle framework and Deal Calculation Suite
- Board oversight of significant bids
- Early Warning System and assurance provided by the Group Quality Management & Assurance function over key bids and delivery programmes
- Regular commercial 'deep dives' into troubled contracts and challenging transformation projects
- Close working relationship with key vendors
- Working closely with customers to stabilise scheduled deliveries
- Data privacy audit programme
- Security controls as described in the Computacenter Technical and Organisational Measures
- Focus on data deletion to minimise storage of personal data
- Appropriate due diligence and acquisition integration plans in place, with ongoing monitoring of key risks to ensure success
- Board-endorsed Sustainability strategy
- Climate Committee oversees initiatives to reduce environmental impact (see pages 47 to 48)
- TCFD disclosure (see pages 54 to 57)
- Strong Company culture and values (see pages 6 and 93)
- Oversight by the Compliance Steering Committee
- Strong corporate governance, risk management and ethics, including policies and/or training for anti-bribery and corruption, export compliance, competition law, health and safety environment and Human Resources, in addition to a whistleblowing hotline

Risk owners

- Managing Director Managed Services
- Group Commercial Management & Assurance Director
- Group Legal & Compliance Director
- Group Development Director
- Chief Commercial Officer

3. Infrastructure risks

Alert status

Increased in line with change agenda

Risks

- Cyber threat to Computacenter's networks and systems, arising from either internal or external security breaches, leading to system failure, denial of access or data loss. In addition, cyber threats introduced by Computacenter to its customers' networks and systems, for whatever reason
- Major failure(s) leading to unacceptably long outages or regular short outages of our customer-facing systems, leading to customer dissatisfaction, financial penalties or contract cancellations, damaging our reputation and ability to win business. Failure to plan and execute effectively the replacement of our core internal systems, leading to loss of growth opportunities and business control

Principal impacts

- Inability to deliver business services
- Reputational damage
- Customer dissatisfaction
- Financial penalties
- Contract cancellations

Principal risks and uncertainties continued

3. Infrastructure risks continued

Mitigation

- Well-communicated Group-wide information security and virus protection policies
- Specific inductions and training for employees working on customer sites and systems
- Specific policies and procedures for employees working behind a customer's firewall
- Ongoing and regular programme of external penetration testing
- Policies ensuring Computacenter does not run customer applications or have access to customer data
- Regular review of cyber security controls and threat analysis by Computacenter's Group Information Assurance team
- Standing agenda item for each meeting of the Group Risk Committee
- All core systems are built and operated on high availability infrastructure, clustered across the two data centers in Hatfield, with disaster recovery capabilities provided in Germany
- All centrally hosted systems benefit from high availability data center infrastructure, with resilience both within and across our data centers in Hatfield. The two data centers run on separate infrastructure and environment systems, and are powered by separate energy sources
- All centrally hosted systems benefit from dual network connectivity into core data centers. Internet bandwidth has been materially increased to support greater use of cloud-based services and the new software-defined wide area network. Service delivery systems are designed such that a loss of the core (in the data centers) does not impact our ability to continue to accept voice calls from customers, to allow continuity of a base service on our delivery sites, even in the event of major issues in the core
- Ongoing work on our perimeter defences to help minimise the risk that any attack on our non-core systems poses an additional threat to our central infrastructure

Risk owner

- Chief Information Officer

4. Financial risks

Alert status

Increased in line with the higher level of inventory held and macroeconomic pressures

Risk

- Failure to manage working capital effectively
- Heightened macroeconomic factors specifically related to inflation, interest rate increases and potential recession, including energy shortages, leading to reduced demand for our products and services and/or margin erosion

Principal impacts

- Financial impact through bad debts, obsolete inventory and/or other working capital movements
- To the extent that we cannot recover cost inflation, there is a risk that we will not meet earnings expectations, which could impact our financial reputation with shareholders and reduce the share price.
- Inflation and prolonged recession could reduce demand for IT projects and implementation and affect internal utilisation rates of Professional Services employees

Mitigation

- Implementation of debt management best practice, after centralising Europe-wide collection functions at the Budapest finance Shared Service Center (excluding recent North American acquisitions)
- Group Credit Assessment function
- Group standard contract terms
- Detailed monthly monitoring by senior Management
- Inventory management controls and monitoring
- Increasing use of direct delivery
- Minimise fixed-cost growth
- Careful management of contract margins
- More active approach to moving resources offshore

Risk owner

- Group Finance Director

5. People risks

Alert status
No change

Risks
- Failure to recruit and retain the right calibre of employees to our talent pool, which includes acting as an inclusive employer, with a focus on senior positions in sales, services and projects
- Inadequate succession planning or insufficient depth within key Senior Executive positions

Principal impacts
- Lack of adequate leadership
- Customer dissatisfaction
- Financial loss
- Contract cancellations
- Reputational damage

Mitigation
- Succession plan in place for the Board and two levels down in the management structure
- Development programme in place for identified successors
- Regular remuneration benchmarking
- Incentive plans to aid retention
- Investment in management development programmes
- Group Talent Acquisition function in core countries and focus on talent analytics with a clear strategy
- Group leadership framework and development structure to strengthen engagement with leaders and our potential leaders
- Regular employee surveys to understand and respond to employee issues
- Specific diversity projects in place relating to accessibility and wellbeing, life balance, LGBT+ and allies, future talent, focus on women and culture
- Consistent performance management processes

Risk owners
- Group Chief People Officer
- Chief Executive Officer

This Strategic Report was approved by the Board on 6 April 2023 and was signed on its behalf by:

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

GOVERNANCE

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Chair's Governance overview

> Our approach to governance ensures alignment between the Group's purpose, values, strategy and culture and that the organisation acts in accordance with its risk appetite as set by the Board.
>
> **Peter Ryan**
> Non-Executive Chair

Dear Shareholder,

On behalf of the Board, I am pleased to introduce Computacenter's Corporate Governance Report for the year ended 31 December 2022.

Our Governance Framework

Computacenter's Governance Framework exists to support the achievement of Our Purpose – to help our customers change the world – and to create and protect shareholder value. It represents a balance between ensuring that the Board and its Committees provide effective leadership for the Group and have sufficient oversight and decision-making involvement in areas such as strategy, performance, governance and risk, whilst enabling our colleagues to act with sufficient independence and agility to respond to and work effectively with our stakeholders.

Board decision-making

The Board delegates a number of its responsibilities to its Committees, so that it can focus on those areas deemed to be of operational, financial or reputational importance to the Group. Each of those Committees has played an important role during the year in supporting the Board with its key decisions.

Through the work of the Nomination Committee, the Board continued to evaluate, on an ongoing basis, the skills it requires to lead the Group in a manner which is effective and entrepreneurial. This enabled the Board to move quickly in appointing René Carayol to the Board as a Non-Executive Director in November 2022.

René has had a long, successful and varied career, and is already bringing a fresh perspective and approach to Board discussions. The Nomination Committee also played a central role in defining and then leading the search process which resulted in the appointment of Christian Jehle as the Group's Chief Financial Officer from June 2023.

It was a busy year for the Remuneration Committee, which was involved in reviewing and approving Christian's remuneration terms. It also spent significant time reviewing the Group's Directors' Remuneration Policy, following which a revised version is now being proposed to shareholders for approval at the upcoming Annual General Meeting.

At that meeting, the Company will also propose the appointment of Grant Thornton UK LLP as its new external auditor for the year ending 31 December 2023. This follows the completion of an external audit tender process, which was led by the Audit Committee. Further detail of the process, and its outcomes, can be found within the Audit Committee report on page 102.

UK Corporate Governance Code Compliance

This governance report demonstrates how we applied the principles and complied with the provisions of the Code during the year. An explanation for our temporary non-compliance with provision 20 of the Code (solely in respect of the appointment of René Carayol as a Non-Executive Director), which states that open advertising and/or an external search consultancy should generally be used for the appointment of Non-Executive Directors, can be found below and on page 90.

Following comprehensive succession planning work undertaken by the Nomination Committee during 2021, and the early part of 2022, the Board had identified specific skills required from any upcoming Non-Executive Director appointment, including experience across areas including diversity and inclusion, inclusive leadership and cultural transformation across large organisations. It was also aware of René's expertise in these areas, his likely availability, and also the significant demand for the skills in the market. The Board therefore authorised the Company to approach René directly, following which he completed our standard Non-Executive Director appointment process and was appointed to the Board and each of its Committees. The Board has determined René to be independent for the purposes of the Code.

Our stakeholders

It remains critical that the Board is able to understand the views and interests of our key stakeholders – our customers, employees, technology vendors, shareholders and the communities in which we operate – and that these are factored into and considered in the decisions that it makes. Further detail on how the Company and the Board engaged with our key stakeholders, why that engagement is important, and how the Board considered them and other section 172 factors in its decision making is set out on pages 70 to 73 and pages 94 to 95. Throughout 2022, we remained engaged as an organisation in listening to the views of our stakeholders and ensuring that the Board was able to hear and consider these.

Board evaluation

An externally facilitated evaluation of the Board and its Committees took place during the year and was run by an independent, third-party provider, Board Excellence. Further details of the process and its outcomes can be found on page 92. Following consideration of its outcomes by the Nomination Committee, I am satisfied that the Board and its Committees continue to function effectively, and that their current constitution and range of skills remain appropriate.

Peter Ryan
Non-Executive Chair
6 April 2023

Governance at a glance

Key Board decisions in 2022

- Revised Directors' Remuneration policy for shareholder approval
- Recommendation of new Group external auditor
- Appointment of CFO-designate and new Non-Executive Director
- Completion and review of externally facilitated Board evaluation
- Approval of entry into revolving credit facility
- Approval of acquisition of Business IT Source in the United States

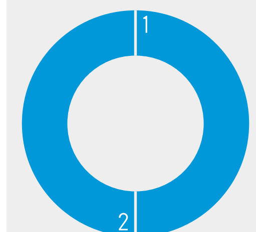
Board tenure

Length of tenure for Chair and Non-Executive Directors

Tenure	Number
0-1 years	1
1-3 years	1
3-4 years	1
4-5 years	1
5+ years	3

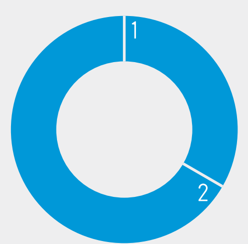
Board composition

Board independence (excluding the Chair who was independent on appointment)



1 Non-Independent Directors **50%**
2 Independent Directors **50%**

Women representation on Board



1 Women **33%**
2 Men **66%**

Board meeting attendance

Percentage attendance

97%

Board member and title	Attendance record
Peter Ryan Non-Executive Chair and Chair of the Nomination Committee	8/8
Mike Norris Chief Executive Officer	8/8
Philip Hulme Founder Non-Executive Director	8/8
Tony Conophy Group Finance Director	8/8
Peter Ogden Founder Non-Executive Director	7/8
Pauline Campbell Independent Non-Executive Director and Chair of the Audit Committee	8/8
Ros Rivaz Senior Independent Non-Executive Director, Chair of the Remuneration Committee and Workforce Engagement Director	8/8
Ljiljana Mitic Independent Non-Executive Director	8/8
Rene Haas Independent Non-Executive Director	6/7*
René Carayol Independent Non-Executive Director	2/2*

Committee membership

Only the Chair and Independent Non-Executive Directors are members of the Board's Committees.

	Audit Committee	Nomination Committee	Remuneration Committee
Peter Ryan	□	■	■
Mike Norris	□	□	□
Philip Hulme	□	□	□
Tony Conophy	□	□	□
Peter Ogden	□	□	□
Pauline Campbell	■	■	■
Ros Rivaz	■	■	■
Ljiljana Mitic	■	■	■
René Carayol	■	■	■

Board industry skills and expertise

Wide range of skills, experience and diversity of thought.

	Accounting/Finance	Business Operations	CEO/CFO Experience	Executive Remuneration	Governance	International	IT Sector	Legal/Regulatory	M&A/Corporate Finance	Risk	Strategy	Technology/Digital
Peter Ryan	□	■	□	■	■	■	■	□	■	■	■	■
Mike Norris	□	■	■	□	■	■	■	□	■	■	■	■
Philip Hulme	□	■	■	□	□	■	■	□	□	□	■	□
Tony Conophy	■	■	■	□	■	■	■	□	■	■	■	■
Peter Ogden	□	■	□	□	□	■	■	□	■	□	■	□
Pauline Campbell	■	■	□	■	■	■	■	■	□	■	■	■
Ros Rivaz	□	■	□	■	■	■	□	■	□	■	■	□
Ljiljana Mitic	□	■	□	■	■	■	■	□	□	■	■	■
René Carayol	□	■	■	■	□	■	■	□	□	□	■	■

* René Carayol joined the Board with effect from 1 November 2022. Rene Haas stepped down from the Board with effect from 1 December 2022.

Our Corporate Governance Framework

Shareholders

Own the company and provide capital support. Appoint the directors and auditors, and consider resolutions put forward by the Company at shareholder meetings.

The Board

Directs the Company's affairs, whilst considering the interests of shareholders and other stakeholders. Oversees engagement with these parties. Further information on the role of the Board can be found on page 91.

Board committees

The Board's committees address matters delegated to them by the Board under their terms of reference, which can be found at investors.computacenter.com. The key responsibilities of each committee are set out below.

Nomination Committee

Keeps the composition of the Board and its Committees under review, and ensures orderly succession planning for both the Board and Senior Management.

Chair: Peter Ryan

Committee report on pages 98 to 99

Audit Committee

Oversees financial reporting and the effectiveness of external and internal audit processes.

Chair: Pauline Campbell

Committee report on pages 102 to 109

Remuneration Committee

Approves the Directors' Remuneration Policy, as well as the remuneration outcomes for the Executive Directors and Group Executive Committee.

Chair: Ros Rivaz

Committee report on pages 110 to 133

Chief Executive Officer*

Responsible for running the Group on a day-to-day basis, and accountable to the Board for the performance of the Group and the delivery of value to key stakeholders.

Group Executive team

Supports the Chief Executive Officer in his duties, and accountable to him for the performance of the business.

2022 Board activity and how the Board spent its time

Business performance oversight	Strategy and delivery of strategy	Financial performance and risk	Governance and stakeholder management
(2021: 23%)	(2021: 30%)	(2021: 24%)	(2021: 23%)
24%	**33%**	**22%**	**21%**

* The Board delegates authority for managing the Group on a day-to-day basis to the Chief Executive Officer.

Board of Directors

The Board plays a central role in leading the Group and promoting its long-term sustainable success. It has an appropriate balance of independence, knowledge and experience which allows it to discharge its duties effectively.

Peter Ryan
Non-Executive Chair

Peter Ryan
Non-Executive Chair and Chair of the Nomination Committee

Committee membership: N R
Peter has, since 1980, had a successful international career in technology encompassing all dimensions of the industry, including software, SaaS, services, systems integration, outsourcing and infrastructure. Peter has held roles such as Chief Sales Officer with Hewlett Packard Enterprise, Chief Client Officer at Logica plc and Executive Vice President, Global Sales and Services with Sun Microsystems Inc. Peter is also Chairman of privately held Ocean Technology Group.

Mike Norris
Chief Executive Officer

Mike graduated with a degree in Computer Science and Mathematics from East Anglia University in 1983. He joined Computacenter in 1984 as a salesman in the City office. Following appointments in senior roles, he became Chief Executive in December 1994, with responsibility for all day-to-day activities and reporting channels across Computacenter. Mike also led the Company through flotation on the London Stock Exchange in 1998. Mike was awarded an honorary Doctorate of Science from the University of Hertfordshire in 2010.

Philip Hulme
Founder Non-Executive Director

Philip founded Computacenter with Peter Ogden in 1981 and worked for the Company on a full-time basis until stepping down as Executive Chairman in 2001. He was previously a Vice President and Director of the Boston Consulting Group.

Tony Conophy
Group Finance Director

Tony has been a member of the Chartered Institute of Management Accountants since 1982. He qualified with Semperit (Ireland) Ltd and then worked for five years at Cape Industries plc. He joined Computacenter in 1987 as Financial Controller, rising in 1991 to General Manager of Finance. In 1996, he was appointed Finance and Commercial Director of Computacenter (UK) Limited with responsibility for all financial, purchasing and vendor relations activities. In March 1998 he was appointed Group Finance Director.

Committee membership key
A Audit Committee
N Nomination Committee
R Remuneration Committee

Peter Ogden

Founder
Non-Executive
Director

Peter founded Computacenter with Philip Hulme in 1981 and was Chairman of the Company until 1998, when he became a Non-Executive Director. Prior to founding Computacenter, he was a Managing Director of Morgan Stanley and Co.

Pauline Campbell

Independent
Non-Executive
Director and
Chair of the
Audit Committee

Committee membership: A N R

Pauline is a former PricewaterhouseCoopers (PwC) Audit Partner who brings over 30 years of experience in the profession. She has worked internationally across a broad range of sectors including IT services and support services. Pauline also served on the Governance Board of the UK firm including the Public Interest Body and the equivalent body at PwC's Global Network, so brings a wealth of governance experience. Pauline was a Non-Executive Director of Micro Focus International plc until its sale on 31 January 2023.

Ros Rivaz

Senior Independent
Director, Workforce
Engagement Director
and Chair of the
Remuneration
Committee

Committee membership: A N R

Ros is the Senior Independent Director at Victrex plc and Lead Independent Director at Luxembourg-based Aperam SA. In the public sector, Ros is Chair of the Nuclear Decommissioning Authority and a Non-Executive Director of the Ministry of Defence – Defence Equipment and Support Board. She is a Board Committee Chair or member at each of her current portfolio companies, which includes recent appointments to the Board ESG Committee at two of these. She was a Non-Executive Director at ConvaTec plc, RPC Group plc, CEVA Logistics AG, Rexam plc and Deputy Chair of the University of Southampton for 10 years. Ros was previously Chief Operating Officer for Smith & Nephew plc and held senior management positions in global companies including Exxon, Diageo, ICI and Tate & Lyle Group.

Ljiljana Mitic

Independent
Non-Executive
Director

Committee membership: A N R

Ljiljana has more than 25 years' experience in the IT industry. She was Global Head of financial services and a member of the executive committee at Atos SE, following its takeover of Siemens IT Solutions and Services GmbH, where she headed the worldwide banking and insurance sales business. Ljiljana has also held senior roles at Hewlett-Packard and WestLB AG. Since 2016, she has focused on technology start-ups as a Senior Partner of Impact51 AG. Ljiljana is a Non-Executive Director of Grenke AG, a global financing partner for small and medium-sized companies.

René Carayol

Independent
Non-Executive
Director

Committee membership: A N R

After leaving university, René joined Marks & Spencer where he worked for 10 years, including as a Senior IT Manager, before moving to join PepsiCo as IT Systems Director. He subsequently moved to IPC Magazines as CIO, staying with the business until it was sold to AOL Time Warner. René is now an experienced Executive Leadership Coach and broadcaster, with much of his recent work focusing particularly on areas such as diversity and inclusion, inclusive leadership and cultural transformation across large organisations.

Executive team

The Group Executive Team supports the Chief Executive Officer in the day-to-day management of the business, and provides high level leadership for our operations across Computacenter.

Mike Norris
Chief Executive Officer

Mike Norris has been Computacenter's Chief Executive since 1994.

For further details on Mike's skills and experience please see page 86.

Tony Conophy
Group Finance Director

Responsible for all Group financial activities, Tony Conophy has been Computacenter's Group Finance Director since 1998.

For further details on Tony's skills and experience please see page 86.

Reiner Louis
Managing Director, Germany

Reiner became Country Unit Director for Germany in 2013, accountable for all customer relationships and engagements in the region.

Joining the company in 1994 as Head of Customer Services, Reiner went on to hold various managerial positions, leading a variety of teams from sales to consultancy. He was also responsible for designing and implementing the company's service management systems.

Julie O'Hara
Managing Director, Managed Services

Julie is responsible for the delivery of Services to Computacenter's customers worldwide.

Re-joining Computacenter in 2014, Julie was responsible for all services delivered to UK clients, extending her scope globally in 2017. Julie spent two years at Colt as VP for Services and Solutions, where she ran Service Management, Contract Management, Consultants and Architects across Europe. Prior to this, she worked at Computacenter and IBM in a number of technical service and sales-related positions and has been in the IT industry for almost 30 years.

John Beard
Managing Director, Western Europe

John leads Computacenter's business in UK, France and Europe (except Germany) and is accountable for all customer relationships and engagements in the regions.

John joined Computacenter's inaugural graduate scheme in 1995. He quickly became one of the youngest recipients of the company's award for exceptional sales achievement, John has headed up a variety of Computacenter's vertical sectors managing a number of the UK's largest customers.

Lieven Bergmans
Chief Commercial Officer

Lieven is responsible for the Group's Technology Sourcing.

He joined Computacenter in 2000 as Head of the Consulting Division of the Belgian subsidiary. In 2008, he was appointed Managing Director of Computacenter Benelux. He was responsible for aligning the local business with the Company's portfolio of services and Group solutions and increasing market share. From 2015 to 2018, he brought stability and growth to the French entity, before taking on broader responsibilities.

Fraser Phillips
Group Legal & Compliance Director

As Computacenter's Group Legal & Compliance Director, Fraser advises on large Services engagements, particularly those involving multiple partners. He took on his current role in 2013 after a six-year tenure as Head of Legal in the UK. Fraser qualified as a barrister in 1997 and has extensive experience in structuring, negotiating and drafting commercial agreements.

Mo Siddiqi
Group Development Director

Mo is responsible for Computacenter's Strategy, Marketing, and the development of smaller and new country markets.

Since joining Computacenter in 1997, he has held a number of senior sales and operational roles, notably leading the Company's international development for over 15 years. Mo has helped to shape the company's global positioning through a mixture of organic growth, customer wins, business start-ups and acquisitions.

Mark Slaven
Chief Information Officer

Mark joined Computacenter in 2001 as UK Information Services Director. Following the acquisition of the German business in 2003 his role expanded to cover all Group companies as Group CIO. He is responsible for all of Computacenter's systems and infrastructure and has played a key role in the design and development of most of the systems in use across the Group.

Jim Yeats
Group Commercial Management & Assurance Director

Jim joined Computacenter in May 2018 and is responsible for Security, Governance and Quality in all Group Countries. Previously, he was at Accenture for 10 years, where his role was Global Quality and Risk Managing Director for Accenture's Health and Public Services business. He has also held other leadership roles including, Chief Executive Officer of Edinfor at LOGICACMG; Vice President for IT and Customer Services at TXU; and an Associate Partner at Andersen Consulting. Jim has a BA (Honours) in Natural Science from Cambridge University.

Sarah Long
Chief People Officer

Sarah has over 25 years' experience in the Tech industry. She originally joined Computacenter in 1996 and spent 12 years in various Sales and Service Leadership roles. Between 2008 and 2018 she consulted to a number of Tech organisations across Europe, advising on Strategic Growth and Organisational Change. Sarah re-joined Computacenter in March 2019 to lead the Group People Strategy and in-country HR functions. Sarah graduated from Manchester University with a degree in Technology and Design.

Neil Hall
President, North America

Neil leads Computacenter's North American business.

Neil joined Computacenter in 2001 with the acquisition of GE-CITS UK, and has held leadership positions in the UK and Germany for more than 15 years.

From 2013 to 2016, Neil led the Group's strategic development in contractual services, including architecture, commercial offerings and client engagements. Between 2016 and 2022 he successfully led our UK & Ireland business as Managing Director.

Compliance with the Code

The Board is committed to ensuring that a strong corporate governance structure is in place, that is appropriate for Computacenter's size and profile as a listed company, and which is aligned with its purpose, values and culture.

Peter Ryan
Chair

Our approach to Compliance

As a company with a premium listing on the London Stock Exchange, Computacenter plc (the Company) is required to report on how it has applied the principles of the UK Corporate Governance Code (the Code), published by the UK Financial Reporting Council (FRC) in 2018. A description of how it has done so is set out on pages 83 to 139, which includes the reports of the Board's Committees and the Directors' report. A copy of the Code can be found at www.frc.org.uk.

The pages that follow aim to provide our stakeholders with an understanding of how our Corporate Governance Framework operated during the year, and the outcomes that it produced during that time. This framework is in place to ensure that our organisation is appropriately led, directed and controlled. It gives our people clarity on their responsibilities and accountabilities, and our decision-making authorities, restrictions and processes, helping to ensure that decisions are properly made and then implemented throughout the Group. In doing so, it helps us to set and deliver our strategy, manage our risks, create long-term shareholder value and protect our reputation with our stakeholders.

Application of Code Principles

- Board Leadership and Company Purpose – pages 91 to 96
- Division of Responsibilities – page 96
- Composition, Succession and Evaluation – pages 97 to 99
- Audit, Risk and Internal Control – pages 100 to 109
- Remuneration – pages 110 to 133

Statement of Compliance

The Company has complied with the provisions of the Code throughout the year ended 31 December 2022, with the temporary exception of provision 20 which states that open advertising and/or an external search consultancy should generally be used for the appointment of the Chair and Non-Executive Directors. As is explained on page 99, within the Nomination Committee report, the Company used the search firm Russell Reynolds to assist with the process that led to the appointment of Pauline Campbell in the second half of 2021. The Nomination Committee completed, as part of that exercise, a detailed review of prospective candidates available for Non-Executive Director appointments, and had clarity on the skills required by the Board as part of any further Non-Executive Director succession, following Pauline's appointment.

As a result, on the recommendation of the Nomination Committee, the Company approached René Carayol directly towards the middle of 2022, with a view to his appointment as a Non-Executive Director, given his background in the industry, including as an IT systems director, Chief Information Officer and his recent work, experience and expertise across diversity and inclusion, inclusive leadership and cultural transformation across large organisations. Once René had indicated his willingness to be put forward as a Non-Executive Director candidate, he was then subject to the Company's standard Director appointment process, including being interviewed by Board members prior to appointment. The Board is delighted to have recruited somebody of René's calibre. He brings to the Board a diverse skillset, which will complement and support those of other Board members.

Statements and confirmations

The Directors are required to include the following statements or confirmations within the Annual Report and Accounts:

- the Strategic Report from the inside front cover to page 81, provides an explanation of the sustainability of the Group's business model and the strategy for delivering the Group's objectives, and how opportunities and risks to the future of the business have been considered and addressed;
- page 67 for the Group's Viability Statement;
- page 100 for the statement on risk and internal control including confirmation that the Directors have carried out a robust assessment of the principal and emerging risks facing the Group, and pages 74 to 81 for a description of its principal risks, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated;
- page 67 for the status of the Group as a going concern;
- page 93 for an explanation of how the Board monitored the Group's culture;
- pages 42 to 45, and pages 110 to 133 for the Group's approach to investing in and rewarding its workforce;
- page 68 for the Board's statement on the Annual Report being fair, balanced and understandable and providing the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- page 91 and pages 94 to 96 for an explanation of how governance contributes towards the delivery of the Group's strategy; and
- page 69 for Computacenter's section 172 statement, and pages 94 to 95 for a description of the Board's principal decisions during the year and how the interests of Computacenter's key stakeholders and the matters set out in section 172 of the Act were considered in Board discussions and decision making.

Ensuring Board effectiveness

Role of the Board

- Largely defined by UK company law, public company corporate governance and listing requirements, Computacenter plc's Articles of Association and our Matters Reserved for the Board (see below)
- The Board's primary role is to provide leadership to the Group, promoting its long-term sustainable success with a focus on generating value for our shareholders, and the interests of our stakeholders
- The Board ensures that sufficient resources are in place to deliver the Group's strategic aims and objectives
- The Board approves the Group's strategy and oversees Management's execution of it, including the setting of financial and operational targets, and measuring performance against these.

More detail on how the effectiveness of the Board was assessed during the year can be found on page 92. Details of how it has promoted the long-term sustainable success of the Company can be found within the summary of the Board's decision making in 2022 on pages 94 to 95, in the section explaining the Board's oversight of the Company's engagement with the Group's key stakeholders on page 70, and more widely throughout the Annual Report.

Delegated authority

Our Corporate Governance Framework enhances the Board's effectiveness allowing the delegation of authority for certain matters or responsibilities to other decision-making bodies. This allows the Board to give key matters sufficient attention and consideration within the time constraints of its annual programme, allowing it to delegate those powers and responsibilities which it deems necessary, subject to UK law and corporate governance requirements. It also allows the Board's principal committees to help support the successful execution of Computacenter's strategy. The responsibilities of the Nomination Committee include ensuring that the Board, its Committees, together with the Chief Executive Officer and the senior Management team, have the right skills and strength in depth to set an effective strategy and successfully deliver it. The Remuneration Committee's work ensures that key individuals are appropriately incentivised to achieve the Board's strategic objectives, whilst ensuring that decisions taken are aligned with the Board's risk appetite. The Audit Committee independently assures the processes and information which underpin and measure the delivery of strategy.

Board composition

The Board's effectiveness is also facilitated by its significant collective experience, its diversity of gender, ethnicity, length of tenure, sector background and external experience, and economic interest in the Group through shareholding, amongst other factors. This leads to a significant diversity of thought and approach amongst members when dealing with matters presented to the Board by Management, within its annual agenda. The diversity of our Board, and its entrepreneurial leadership, is illustrated within the 'governance at a glance' section on page 84, and the 'Members of our Board' section on pages 86 and 87.

Through the work of the Nomination Committee, the Board ensures that it has an appropriate combination of skills, experience and knowledge, given the Company's size, profile and sector in which it operates. Over half of the current independent Directors have been appointed in the period since 2019, reflecting the Board's ongoing consideration of members' length of service and view that its membership should be regularly refreshed. There will also be a change in Executive Director in June 2023, when Christian Jehle joins the Board as Chief Financial Officer.

Matters reserved for the Board

- Ensures that the Board is focused on and retains sole decision-making authority over the areas and decisions that are financially, reputationally or operationally material to the Group
- Reflects a balance between corporate governance best practice, the Company's risk appetite and assessment of decision materiality
- Supports the Group's ability to fulfil its purpose and operate in accordance with its values as set out on page 6
- Matters reserved for the Board presented to the Board and revised version approved in December 2022
- Includes decisions concerning acquisitions, major capital expenditure, the Group's strategy, budgets, consolidated financial statements and dividend policy
- Matters reserved schedule can be found at investors.computacenter.com

Measuring Board effectiveness

Approval of external evaluation

July 2022
Board approves external independent third-party evaluation of its performance and that of its Committees.

Selection of external provider

October 2022
Tender process completed. Results presented to Board. Board Excellence selected as evaluation facilitator.

Evaluation undertaken

November and December 2022
Questionnaires circulated to and completed by Board members. Follow-up interviews conducted with Board members. Observation of Board and Committee meetings by Board Excellence.

Findings reviewed

January and February 2023
Board reviews evaluation assessment report.

Board Excellence presentation

February 2023
Board Excellence presents its findings to the Board. Board member Q&A with lead facilitator. Board discussion on findings.

Action plan

March 2023
Board agrees actions for completion following report findings. Directs Company Secretary to facilitate their implementation.

EXTERNAL EVALUATION OF THE BOARD

In 2022, the Board decided to appoint an external, independent third party to carry out a review of the Board's effectiveness, as well as that of its Committees and Directors.

Following a rigorous tender process, and input from the Nomination Committee, the Board appointed Board Excellence, which has no other connection with the Company or its Directors, and is committed to complying with the Corporate Governance Institute's Code of Practice for Board Reviewers. Given that the last external, independent review took place towards the end of 2019, this was in line with the provisions of the Code, which specify that companies should carry out an external evaluation at least once every three years.

Areas covered by the process included the Board's composition; the Board's understanding of roles and responsibilities; balance of the Board's time between strategy, performance and governance; quality of papers and materials submitted to the Board for consideration; compliance with the Code; diversity; and how well members work together to achieve individual objectives.

The review was designed to encourage Directors to optimise their contribution to Computacenter's success and add value beyond the statutory requirements, by building on existing strengths, agreeing on the challenges ahead and preparing for the future.

The review included the completion of a detailed questionnaire, following which individual interviews were conducted with Board members, and Board and Committee meetings were observed by Board Excellence. The findings were then set out in a detailed report, reviewed first by the Chair and Company Secretary, before being presented by the lead evaluation partner from Board Excellence, Paul George, at the following Board meeting. The Board then discussed the findings in detail and agreed actions for implementation over the following 12 months.

The review concluded that the Board and its Committees continue to perform effectively. It found that the Board had a good mix of industry and functional skills, reasonable levels of diversity, and that it benefited from highly engaged members who work well together, have a willingness to challenge and a strong commitment to the success of Computacenter. It noted that the Board and its Committees were each well chaired, and that each Director continues to contribute effectively.

All Directors demonstrated commitment to their roles, and the boardroom culture was deemed effective and conducive to enabling participation and challenge by Non-Executive Directors. Following its review, the Board agreed that the following actions would be taken forward:

- The Group has made good progress against its environmental, social and governance (ESG) objectives. The Board reviews its ESG strategy to ensure that it is consistent with, and supports, the Company's revised purpose, and that it encompasses the views and considerations of those members who have recently joined the Board. The Board agreed that a stand-alone item wholly dedicated to doing so would be incorporated within the Board's annual agenda for 2023.
- While the information provided to the Board in advance of its meetings was generally professionally presented, papers could lack clarity in their purpose or in respect of the issues that the author wanted to highlight or receive advice on. It was agreed that the Company Secretary would continue to work with members of Management to improve the quality and consistency of information provided.

Our Purpose, Strategy, Culture and Values

Whether we are talking about Our Purpose, strategy, culture or values, our customers are at the heart of everything we do at Computacenter. We explain below the role that our Governance Framework and the Board play in setting, monitoring, assessing and approving these as part of its annual agenda, supported by the work of its Committees. The outcome of these activities enabled the Board to confirm that the Group's purpose, strategy, culture and values are aligned.

Board oversight activities and related outcomes

Our Purpose...

HELPING OUR CUSTOMERS CHANGE THE WORLD

The Board reviewed Our Purpose as part of its deep-dive review of the Group's culture. It did so considering workforce engagement feedback that (i) those in more junior roles sometimes struggled to understand how their role aligned with Our Purpose and our strategy, and (ii) Our Purpose should be inspiring, memorable and easy to talk about with our stakeholders. It also recognised the importance of having clarity in Our Purpose, and the role that effective communication of it plays in embedding and maintaining the Group's desired culture in a hybrid working environment post-Covid, where our workforce, in many cases, splits its working hours between office, home and customer locations. The Board directed Management to consider Computacenter's Purpose, following which it was later re-presented and approved. The Company's updated Purpose is set out on page 7, which is linked to our ambition, who we are, what we do and our Strategic Priorities.

Our Strategy...

DELIVERING AGAINST OUR STRATEGIC PRIORITIES

Our Strategic Priorities are customer focused. They include the retention and maximisation of our customer relationships, and the building of unrivalled value for our customers by combining our service and product capabilities. They also reflect that our Managed Services customers continue to demand innovation that reduces their cost base and enhances their end users' experience. Our Strategic Priorities allow us to measure the progress we are making to meet this demand, including through the use of offshoring and automation. Our Governance Framework helps ensure the effective setting and execution of our strategy, reserving this as a matter that only the Board can approve, including the investment required to deliver related objectives. The Board's agenda includes reviewing a strategy-related topic at every scheduled Board meeting, as well as a dedicated strategy day, at which it comprehensively assesses Computacenter's competitive positioning within its markets, its strategic options and three-year plan. The Board's Committees also provide guidance and advice on the areas that underpin the pursuit of our Strategic Priorities.

Our Culture and Values...

BRINGING TO LIFE OUR WINNING TOGETHER VALUES IN PURSUIT OF CUSTOMER SERVICE EXCELLENCE

Following review by the Board, and to ensure alignment and consistency with our updated Purpose, Story (page 7) and Strategic Priorities, we moved from six values to four by consolidating and simplifying their structure, as set out on page 6. These changes will make them easier for our people to remember and articulate to our stakeholders in the course of their day-to-day activities, and will underpin consistent behaviours as our people execute their roles in line with our strategy. Our values require us to put our customers first, to always keep our promises to them, and to be straightforward in our dealings with them. In addition to its deep-dive into culture and its monitoring of associated metrics such as attrition and sustainable engagement scores, reports from the Audit Committee on potential Group Ethics Policy breaches and associated compliance policies illustrated behaviours inconsistent with our culture and values, as well as aiding the Board's assessment of how effectively related policies and processes have been embedded across the organisation, including by geography and business function. The speed at which the organisation responds to internal and external audit findings provided insight to the Board on its attitude to risk and governance. The Board reviewed the results of our Group-wide employee survey, including feedback on areas such as culture, innovation, understanding of strategy and enablement. The Remuneration Committee, on behalf of the Board, reviewed workforce policies and practices, receiving a presentation from the Group's Chief People Officer explaining the steps that the Group had taken to support its people through economically turbulent times in a number of our core countries, with a focus on pay, wellbeing, diversity and inclusion, and supporting policies and engagement processes.

Corporate Governance report continued

BOARD ACTIVITY IN 2022

The Board held eight scheduled meetings during 2022 to cover its annual agenda of activities, through which it provides the Group with leadership and promotes its long-term sustainable success. Whilst the list of Board activities set out below is not exhaustive, it provides an understanding of its main areas of focus, the decisions it has made, and the section 172 factors that it considered in its discussions and decision making. These included the views and interests of our stakeholders, whilst reflecting the Group's appetite for risk, as set by the Board. This section is incorporated by reference into the Board's section 172 statement for 2022, as set out on page 69.

Activity or discussion undertaken	Outcomes or decisions	Stakeholders and section 172 factors considered
Strategy		
Held a dedicated strategy day. Reviewed the Group's Technology Sourcing, Managed Services and Professional Services propositions; competitive positioning and differentiation; assessed Management's recommendations relating to growth potential and opportunities, and future strategic investment requirements. Further information on the Group's strategy is available from pages 14 to 23.	Approved the Group's strategy and related three-year plan for 2023-2025.	A B C D LT
Conducted seven strategy related deep-dives across the year on topics of material importance to achieving progress against the Group's strategic priorities. Ongoing assessment of the Group's balanced business portfolio (as set out on pages 14 to 17), its continued relevance and areas of competitive advantage.	Within the full year 2022 and full year 2023 financial budgets, approved continued investment in: the Group's IT systems and capabilities; the Group's cyber security capabilities; and in our warehouse facilities in Kerpen, Germany, amongst others.	A B C D LT
Reviewed acquisition opportunities, including specific discussion and debate as to whether those opportunities were aligned with the Group's strategy, including customer target market, geographic location and synergies available post-acquisition.	Approved the acquisition of Business IT Source in the second quarter of 2022. Rejected other opportunities at an early stage. Balanced differing stakeholder priorities around the Group's use of cash such as preference for organic growth, existing Group investment requirements and quantum of shareholder returns through dividends or share buyback programmes.	A B C D LT
Received regular updates on the status of our environmental, social and governance (ESG) strategy, and progress made against our 'Winning Together for our People and Planet' objectives. Further information on the Group's areas of ESG focus can found on pages 38 to 53.	Reaffirmed the Group's target of being Net Zero for Scope 1, 2 and 3 carbon emissions by 2040. Considered against related financial costs for stakeholders, including cost of ESG-related investment. Through the Remuneration Committee reviewed how ESG could be further incorporated into the Company's Executive remuneration framework.	A B C D E LT ENV HS SP
Reviewed the Group's financing, cash deposit and cash reserve strategy.	Approved entry into a revolving credit facility in the fourth quarter following expiry of the Group's existing RCF agreement, and also approved the Group's tax and treasury policies. Decided to retain the Group's existing Treasury Shares for future use.	B C LT
Our people and culture		
Conducted a deep dive into Computacenter's culture, including discussing its development over recent years, its alignment with our Winning Together Values, strategy, and purpose, and how it could be most effectively embedded and maintained in a post-Covid working environment.	Directed Management to review Our Purpose and present it to the Board later in the year, to ensure its continued relevance in maintaining the Group's desired culture. Approved the revised version of Our Purpose and of the Group's Winning Together Values as set out on pages 6 to 7.	A B C D E LT HS
Reviewed succession planning for members of the Board and Group Executive Committee, the process for talent management throughout Computacenter, and remuneration in the context of current macroeconomic conditions across our operating countries.	Approved the appointments of Christian Jehle as Chief Financial Officer (with effect from June 2023), and of René Carayol as a Non-Executive Director of the Board. Reapproved existing talent management processes. Recommended to shareholders a revised Directors' Remuneration Policy (which was largely unchanged from the existing version) and approved an unscheduled one per cent salary increase to mitigate against the impact of inflation across our core countries, and the cost of living crisis in the UK.	B C LT HS
Reviewed Non-Executive Director remuneration, considering the limits set in the Company's Articles of Association, and relevant benchmarking data.	Approved an increase of 4.8 per cent for all Non-Executive Director, Board and Committee roles in 2023 (with no individual being involved in decisions relating to their own remuneration).	B C LT HS
Received regular updates from the Group's designated Non-Executive Director for Workforce Engagement, highlighting matters of concern and importance to employees.	Helped to inform the Board of employee views of its decision making in areas such as strategy, diversity, culture, ESG and working arrangements post-Covid. Commentary on the outcomes of our engagement with our people can be found on page 71. Approved the Workforce Engagement Schedule for 2023.	B LT HS

Activity or discussion undertaken	Outcomes or decisions	Stakeholders and section 172 factors considered
Financial and operational performance		
Received regular reports from the Chief Executive Officer. Considered business performance against Board and market expectations, material issues impacting our key stakeholders, and progress against the Group's Strategic Priorities and key performance indicators. For further detail on the Group's performance during 2022, please see pages 24 to 37. Specifically reviewed the impact of inflation on the business, including on employee costs, services margins, and of supply chain-related customer purchasing behaviours on the levels of inventory held by the Group.	Approved the Group's half-year and full-year results announcements, as well as the first and third quarter trading updates. Approved the Group's Viability Statement and Going Concern Statement as set out on page 67. Approved the Group's Annual Report and Accounts.	A B C D LT HS SP
Reviewed senior management presentations from each of the in-country and Group function leadership teams, including Q&A dinner events with the Group's German and UK leadership teams.	Provided the Board with insight into financial performance, customer trends and behaviour, and the outcomes of in-country stakeholder engagement.	A B C D LT
Considered the budget and performance-related targets for 2023 and approved the 2022 interim and 2021 final dividends. For our 2022 final dividend and details of our dividend policy, please see page 64. Reviewed feedback from analysts and shareholders following the release of the half-year and full-year results.	The Board recommended a final dividend for 2021 of 49.4 pence per share, which was subsequently approved by shareholders at the Company's 2022 Annual General Meeting and declared an interim dividend for 2022 of 22.1 pence per share. Approved the financial budget for 2023. Balanced competing stakeholder interests relating to balance sheet strength, shareholder returns and investment requirements.	C LT AF
Governance, compliance and risk management		
Reviewed and discussed regulatory and compliance matters with the Legal & Compliance Director, the Company Secretary and the Chief People Officer, both at Board and Audit Committee meetings.	Approved updated Group Disclosure Policy and Group Rules on Share Dealing, as well as the Group's Modern Slavery Statement and Gender Pay Gap Reporting. Reviewed 'Speak Up' reports as part of updates from the Audit Committee Chair.	B C HS
Through the Nomination Committee, instructed the completion of a full, independent, externally facilitated Board evaluation, conducted by Board Excellence.	Reviewed the report findings and outcomes and agreed future areas of focus. The evaluation process and its findings and outcomes can be found on page 92. Concluded that throughout the year, the Board, its Committees and individual Directors continued to operate effectively.	C LT HS
Periodically reviewed corporate governance matters including Directors' conflict of interest, the Board Matters Reserved and Delegated Authorities document and the terms of reference for the Board's Committees.	Approved revised Matters Reserved for the Board document, and Audit Committee Terms of Reference, which can be found at investors.computacenter.com. Recommended to shareholders the appointment of Grant Thornton as the Group's new external auditor.	B C LT HS
Considered the Group's principal and emerging risks, and considered the effectiveness of the risk and internal control system.	Approved additional principal risks relating to macroeconomic factors including inflation, interest rate increases and potential recession, and also supply chain shortages as set out on pages 78 and 80.	A B C D E LT ENV HS SP

Key to stakeholders and section 172 factors considered

Our key stakeholders

- A Customers
- B People
- C Shareholders
- D Technology vendors
- E Community

Other section 172 factors

- LT Long-term consequences of decision making
- ENV Considering the environment
- HS Maintaining a reputation for high standards of business conduct
- AF Acting fairly between members of the Company
- SP Suppliers (excluding our technology vendors)

Corporate Governance report continued

Risks, opportunities and resources

The strategic report, from the inside front cover to page 81, explains how the Group generates and preserves value over the long term, describes how opportunities and risks to the future success of the business have been considered and addressed, and sets out our sustainable business model. Through its annual agenda, the Board's principal consideration of opportunities for business growth, and associated investment, take place at its dedicated strategy day, and through its review of matters related to the achievement of our strategic priorities at every scheduled Board meeting. Through its review of these opportunities, and its approval of the business plans and budgets submitted by the Executive Directors, including the assumptions underlying them, the Board ensures that adequate resources are available to meet related objectives. In 2022, principal investments approved included in the Group's cyber security capabilities and the Group's IT systems. Further detail of investments approved and made during the year can be found on page 21. The Board reviews the performance of the Executive Directors and the Group Executive Committee against targets related to agreed objectives, including a monthly review of the financial performance of each of the Group's Segments.

Stakeholder engagement

Details of the Group's engagement with its key stakeholders, including our customers, employees, technology vendors, communities and shareholders, and how its outcomes were considered by the Board in its discussions and decision making, are set out on pages 70 to 73 and pages 94 to 95. Further detail on how we invest in and reward our workforce can be found in the Strategic Report on pages 42 to 45 and in the Directors' Remuneration report on pages 110 to 133.

Workforce policies and practices

The Remuneration Committee has a dedicated agenda item which reviews, on behalf of the Board, the Group's workforce policies and practices to ensure that these are aligned to and consistent with the Group's values and support its long-term success. In 2022, the Committee received a presentation from the Chief People Officer, and reviewed metrics, initiatives and policies relating to pay, wellbeing, and diversity and inclusion, as well as reviewing the actions taken by the Group during the year to help our people through economically turbulent times. During this time, they have been significantly impacted by inflation across some of our core countries. The Committee was satisfied that the Group's philosophy of pay for performance, as well as the Group's workforce policies and practices, are consistent with, and support, the Group's Winning Together Values – confirming they reflect our belief that people matter, and consider the long term, playing an important role in helping to build a stable and efficient business. The Board and Remuneration Committee also considered items related to the Group's Modern Slavery Act reporting, Gender Pay Gap reporting and the CEO's pay ratio. Our workforce can raise any matters of concern through an independent, third-party, anonymous reporting helpline, run by Safecall. Through updates from the Audit Committee, the Board reviews this and the reports arising from its operation. There are also Management structures in place throughout Computacenter to ensure that individuals can report any concerns to their line manager should they wish to do so. All Directors are subject to the Group's Ethics Policy. The terms of their appointment letters, as well as their duties to the Company, commit them to act with integrity. The Company has implemented specific policies and processes to help them adhere to requirements around share dealing, external interests and conflicts of interest, amongst others.

DIVISION OF RESPONSIBILITIES

Role of the Chair includes:

- Leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda
- Chairing Board and general meetings, and those of the Nomination Committee
- Promoting a culture of openness and debate and ensuring the effective engagement of all Board members
- Demonstrating objective judgement
- Ensuring that the performance of the Board, its Committees and individual Directors is evaluated annually
- Ensuring that the Directors receive accurate, timely and clear information
- Facilitating constructive Board relations and the effective contribution of all Non-Executive Directors

Role of the Chief Executive Officer includes:

- Developing the Group's strategy for approval by the Board, and ensuring the execution of that strategy by Management
- Providing leadership to the senior Management team in the day-to-day running of the Group's business
- Ensuring that appropriate internal controls are in place throughout the Group
- Setting the 'tone from the top' by establishing the Group's guiding values, for approval by the Board
- Providing a means for timely and accurate disclosure of information to the Board, including effective escalation of issues where required
- Ensuring effective communication with shareholders

Role of the Senior Independent Director includes:

- Providing a sounding board for the Chair and serving as a trusted intermediary for other Directors, when necessary
- Meeting with the Non-Executive Directors at least once a year to apprise the Chair's performance
- Providing support for the Chair in the delivery of their objectives
- Ensuring that the Chair pays sufficient attention to succession planning
- Ensuring that the views of the other Directors are conveyed to the Chair
- Being available to shareholders, if they have concerns, if the normal channels of Chair, Chief Executive Officer or other Executive Director has failed to resolve issues

Role of the Non-Executive Director includes:

- Providing an external perspective, constructively challenging the Executive Directors and senior management
- Monitoring and scrutinising the Group's performance against agreed goals and objectives, and holding Management to account
- Being appointed as members of the Board's Committees
- Offering strategic guidance and specialist advice
- Playing a prime role in appointing and removing the Executive Directors

Board composition and independence

The membership of the Board as at 31 December 2022 is set out on pages 86 and 87. On that date, the Board included seven Non-Executive Directors and two Executive Directors. The diversity and experience of the Board enables it to discharge its functions effectively. There were two changes to the Board during the year. On 1 December 2022, Rene Haas stepped down as a member of the Board and its Committees. René Carayol joined the Board as a Non-Executive Director on 1 November 2022. He is a member of each of the Board's Committees.

The Board has considered the independence of each Director, taking into account the guidance provided by the Code. The Board considered that the Chair, Peter Ryan, met the Code's independence criteria on appointment, and considers that Pauline Campbell, Ros Rivaz, Ljiljana Mitic and René Carayol are independent in their character and judgement. Philip Hulme and Peter Ogden, the Founder Non-Executive Directors, are not considered to be independent, having started the Company in 1981 and remained on the Board in either an Executive or Non-Executive capacity since that time. Our Corporate Governance Framework, as set out on page 85, and the balance of our Board's Executive, Non-Executive and independent Non-Executive Directors ensures that there is no dominant individual or group of individuals on the Board influencing its decision making. Only independent Non-Executive Directors and the Chair are members of the Board's Committees. The Board is comfortable that each Director makes a valuable contribution in their role.

Board appointments and development

The Nomination Committee leads the process for Board appointments. Further detail on the Committee's role, membership and work during the year is set out on pages 98 to 99. Non-Executive Directors are appointed to the Board for an initial three-year term, the renewal of which is timed to be at the close of an Annual General Meeting. The Executive Directors are appointed for a rolling 12-month term. The terms and conditions of appointment of all Directors are available for inspection at the Company's registered office and at each AGM. The Company's Articles of Association require a Director to be subject to election at the first AGM following his or her appointment and every third year thereafter. However, in accordance with the Code, the Board has decided that all Directors should be subject to election or re-election at the Company's 2023 AGM, and each AGM thereafter. If the shareholders do not elect or re-elect a Director, or a Director is retired from office under the Articles, the appointment terminates immediately and without compensation.

The Chair liaises regularly with each Director to discuss and agree their training and development needs, and periodically to discuss their ongoing contribution to Board meetings and their interactions with other Directors both in and outside of meetings, providing and receiving feedback where relevant. The Board is confident that all of its members have the knowledge, ability and experience to perform the functions required of a Director of a listed company. As set out on page 96, the roles of the Chair and Chief Executive Officer are separate, and their responsibilities are clearly set out in writing, reviewed annually and agreed by the Board. They are available from the Company's website at investors.computacenter.com.

Insurance and indemnities

The Company arranges insurance cover in respect of legal action against the Directors and, to the extent allowed by legislation, has issued an indemnity to each Director against claims brought by third parties.

Conflict of interest procedure

The Company's Articles of Association allow the Board to review and authorise situations where a Director has an interest that conflicts, or may conflict, with those of Computacenter, and to impose conditions on that authorisation. The Board has formal procedures to appropriately manage any actual or potential conflicts of interest identified. These include considering each conflict from a competitive and commercial perspective, which incorporates identifying supplier or customer relationships between Computacenter and any third party, and also identifying if there are any areas where a third party connected with a Director competes with Computacenter. The Board also considers the conflict in accordance with the requirements of the Companies Act 2006.

External appointments and time commitment

The Non-Executive Directors' letters of appointment set out the expected time commitment required to execute their duties. Although the nature of the roles makes it difficult to be specific about the maximum time commitment, a commitment of up to two days per month is expected, including attendance at and preparations for regular Board meetings. In certain circumstances, for instance when the Company is engaged in acquisitions, restructuring or other corporate transactions, there may be additional Board meetings, and Non-Executive Directors are expected to attend these where possible. Each Director's external commitments are monitored on an ongoing basis to ensure that they have sufficient time to devote to their role at Computacenter. Following the external Board evaluation completed for 2022, the Board is satisfied that each Director is able to allocate sufficient time to the Company to discharge his or her responsibilities effectively, and that no external appointments of our Board Directors have any impact on their independence or responsibilities to the Company.

Provided the time commitment does not conflict with the Directors' duties to the Company, the Board may authorise the Executive Directors to take non-executive positions in other companies and organisations, as this helps to broaden their experience. The Board would not agree to a full-time Executive Director taking on more than one non-executive directorship of a FTSE 100 company or the Chairship of such a company. No such positions have been taken by the Executive Directors.

Information and support

The Chair, with assistance from the Company Secretary and through discussion with the Executive Directors, approves the agenda for each Board meeting, as well as the time allocated for each agenda item. This ensures that the areas of focus for the Board, and the balance of time related to reviewing strategy, performance and governance, enable it to operate effectively and efficiently. To enable the Directors to discharge their duties, they receive accurate, timely and clear information at least a week in advance of each scheduled Board and Committee meeting, including detailed briefings on all matters. Directors can obtain independent professional advice, at the Company's expense, where they believe it is necessary to discharge their responsibilities. There are in place appropriate policies and processes to support the work of the Board. The Company Secretary ensures that the Board's Committees are provided with sufficient resources to undertake their duties. Where Directors have concerns which cannot be resolved, whether about the running of the Company or a proposed action, their concerns will be recorded in the Board's minutes. On resignation, a Non-Executive Director would be required to provide a written statement to the Chair, for circulation to the Board, if they had any such concerns. The Company Secretary advises the Board on all corporate governance matters and advises the Chair to ensure that all Board procedures are correctly followed. All Directors have access to the advice and services of the Company Secretary.

Board induction

Upon joining the Board, all Directors receive a comprehensive induction programme organised by the Company Secretary, tailored to their specific background and requirements. New Directors receive an induction pack which contains information on the Group's business, its structure and operations, Board procedures, corporate governance matters and details of Directors' duties and responsibilities. All new Directors are introduced to the Group's Executive Management team. New Directors are also given the opportunity to meet with major shareholders.

Nomination Committee report

Current members	Role	Attendance record
1. Peter Ryan (Chair)	Non-Executive Chair of the Board	3/3
2. Pauline Campbell	Non-Executive Director	3/3
3. René Carayol (from 1 November 2022)	Non-Executive Director	–
4. Ljiljana Mitic	Non-Executive Director	3/3
5. Ros Rivaz	Non-Executive Director	3/3
Former member		
6. Rene Haas (until 1 December 2022)	Non-Executive Director	1/3

The Board and the Committee recognise the benefits that diverse skills, experience and thought can bring to an organisation, and how it can assist the Board's range of views, decision making and effectiveness.

Peter Ryan
Chair of the Nomination Committee

Membership and attendance

The members of the Nomination Committee are the independent Non-Executive Directors and the Chair of the Board.

Rene Haas stepped down from the Committee and the Board on 1 December 2022. René Carayol joined the Committee on 1 November 2022, immediately upon his appointment as a Non-Executive Director. With much of his recent work and expertise focusing particularly on areas such as diversity and inclusion, inclusive leadership and cultural transformation across large organisations, René will provide valuable insight to the Committee moving forward.

The Company Secretary is the secretary to the Committee, and upon invitation, the meetings are also attended by the Chief Executive Officer and the Chief People Officer. The Chair of the Committee reports to the Board on its activities.

Responsibilities of the Nomination Committee

The key responsibilities of the Nomination Committee are to:

- lead the process for Board appointments;
- ensure that the Board and its Committees have a combination of skills, experience, diversity, knowledge and independence appropriate for leading the Group, given its size and the markets in which it operates;
- review the structure and size of the Board and its Committees to ensure that they are able to function effectively; and
- review succession planning for the Board and senior executives of the Group (including ensuring the development of a diverse pipeline for succession).

The Committee's full terms of reference are available at investors.computacenter.com. No changes have been made to its terms of reference since the Committee's last report to shareholders.

COMPOSITION AND SUCCESSION

Main activities of the Committee in 2022

The Nomination Committee met three times during 2022, and its work included:

Re-appointment of Directors

All Directors put forward for election or re-election at the Company's AGM are nominated by the Board on the recommendation of the Committee. In considering whether to recommend the nomination of a Director, the Committee took into account the outcome of the externally facilitated evaluation of the Board, its Committees and Directors, in 2022. Following the Committee's assessment in early 2023, all Directors in office as at 31 December 2022 will be put forward for election or re-election at the AGM in May 2023.

Succession planning and Board changes

The Committee continued to focus on its responsibility under the 2018 UK Corporate Governance Code (the Code) to ensure that plans are in place for Board and senior Management succession, and to oversee the development of a diverse pipeline for succession. The Committee discussed succession planning for the Executive Director positions which is a significant priority for both our shareholders, who have raised the issue consistently in recent years during the Company's engagement with them, and also the Board, given the incumbents' deep knowledge of the Group and its business, and their length of tenure in role. Given that inadequate succession planning, including for the Executive Directors and the Group Executive Committee, is one of our principal risks, this was also reviewed by the Board, in consultation with the Committee, following a presentation by the Chief Executive Officer and Chief People Officer in the second half of the year. It considered the criticality of each role to the long-term sustainable success of the Group, and the relative availability of internal and external candidates for the roles over various time horizons.

To help it understand succession planning requirements, and to ensure that the Board and its Committees are able to function

effectively on an ongoing basis, the Committee reviewed and discussed the composition of the Board and its Committees, and the skills, diversity and knowledge that each individual Director brings. It considered how the leadership needs of the Group may change over time, influenced by factors including its strategy, plans for growth and likely future corporate governance requirements.

The Committee recognises the particular importance of effective Non-Executive Director succession planning, especially given that the Board includes our two founder Non-Executive Directors, who continue to contribute significantly and appropriately to Board discussions, particularly around strategy and performance. The Board does not consider Sir Philip Hulme and Sir Peter Ogden to be independent for the purposes of the Code. It is therefore important that the Committee is prepared for unexpected or emergency independent Non-Executive Director succession so that the Company is able to remain in compliance with provision 11 of the Code, which requires at least half of the Directors, excluding the Chair, to be considered independent by the Board.

There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. It is led by the Committee and is triggered by the identification of a skills gap on the Board and its Committees. This is usually, but not always, the result of a Board resignation, changes in the Company's activities or strategic focus, or updated corporate governance requirements concerning Board or Committee composition. The appointment process for a Board role generally starts with the appointment of an independent search firm by the Committee, and the creation of a role specification which it then approves. Following further Committee discussion, it then inputs into a shortlist of candidates, and is involved in the interview process for all appointments. Generally, candidates are subsequently interviewed by the remaining members of the Board. After taking feedback from these, the Committee recommends the appointment of a candidate to the Board for discussion and approval.

The process varies slightly for Executive Director roles, given that the Committee will, as was the case in 2022, consider internal candidates. Only external candidates will be considered for Non-Executive roles.

Given the nature of the role, the process for the appointment of the CFO-designate was led by a sub-committee of the Nomination Committee, which included the Chair, the Senior Independent Director and the Chair of the Audit Committee. The resulting shortlist of four diverse candidates met with the sub-committee, as well as the Chief Executive Officer. The sub-committee also discussed in some depth the feedback on the candidates following a review process conducted by Russell Reynolds, which was the search firm used by the Company to assist with the process. Russell Reynolds has no other connections with the Company or its Directors, other than the provision of this type of service.

The sub-committee then reported back to the Nomination Committee, which recommended the appointment of Christian Jehle as CFO-designate late in the year (prior to joining the Company as CFO on 1 June 2023). Christian's career to date has been characterised by leading transformations of finance functions to ensure that they are best in class and fit for purpose for continually expanding and changing businesses. The Committee, working closely with the CEO and the Board, considered the skills and experience he has developed in this area to be important in fulfilling a Board priority that the Group's finance function remains in a position to best support and enable the continued growth of the business, including through the use of technology that simplifies the business, and continues to drive efficiencies including within finance and administration.

Our Non-Executive Director appointment process may also vary where an individual has been specifically identified by the Board and Committee as part of its ongoing succession planning, having matched their skills and experience to those required by the Board. In this event, that individual may, following Board approval on the recommendation of the Committee, be approached directly without the use of a search firm or open advertising for the role.

This was the case for the appointment of René Carayol, who was approached directly by the Company, given his previous experience as an IT systems director (with PepsiCo) and Chief Information Officer (with IPC Magazines), and his recent work and expertise in areas highlighted earlier in this report. Having indicated his willingness to put himself forward for consideration, René then went through our standard Non-Executive Director appointment process, including being interviewed by other members of the Board. Following feedback and discussion, the Committee agreed to recommend his appointment to the Board. The Board approved the recommendation, following which René joined the Company.

Diversity

The Board recognises the benefits that diverse skills, experience and thought can bring to an organisation. The Committee always considers these benefits when reviewing Board succession planning, and during the appointment process. This includes requiring diverse lists of potential candidates to be presented to it for review or selection. The Board is also of the view that appointments to it must be made primarily on skills and experience, with regard to the benefits of diversity. As such, the Committee does not view it as appropriate to have in place a formal diversity policy which applies specifically to the Board and Executive Committee.

The Committee factors into its discussions related corporate governance requirements and suggested best practice in this area, including the Sir John Parker review on ethnic diversity and the Hampton-Alexander review on gender diversity. During the year, the Committee also received an update on the new UK FCA Listing Rule relating to diversity. It will continue to be mindful of these requirements and best practice guidance as it undertakes its review of Board succession for the medium term during 2023.

The Board and the Committee endorse Computacenter's wider approach to diversity, including its six pillars of diversity, as set out in more detail on page 44, and its Equality and Respect at Work policy, which applies throughout the organisation, including to the Board, its Committees and Group Executive Committee. This is in place to ensure that everybody who represents Computacenter promotes equality, diversity and inclusion in the way that they behave, their communications and their day-to-day actions. As set out on pages 124 and 125, at the end of 2022, we were on track to meet our corporate objective of a 25 per cent female mix for our leadership job levels across the Group, and a 30 per cent mix for our whole employee base. We are clear that a failure to recruit and retain the right calibre of talent is a risk to the successful execution of our strategy, and our key mitigation actions include the implementation of specific diversity projects and initiatives relating to gender and ethnicity, amongst other areas. Further detail on these can be found on pages 43 to 45.

Female representation at Board level remained at 33.3 per cent in 2022; at Group Executive Committee level it increased from 20 per cent to 22 per cent, and in our leadership teams it increased from 23 per cent to 29 per cent. Our leadership teams are comprised of members of the Executive Committee and those senior leaders who are direct reports to Executive Committee members (excluding administration and support roles). As regards ethnicity, as at 31 December 2022 one Director identified as an ethnicity other than white. Further detail on the Group's approach to diversity and inclusion, as well as the gender balance of our workforce, can be found on page 44.

Committee performance

The performance of the Committee was reviewed as part of the independent, external evaluation of the Board completed in the fourth quarter of the year. I am satisfied, having reviewed the findings of that evaluation, and discussed it with the other members of the Board, that the Committee continued to function effectively during the year.

Peter Ryan
Chair of the Nomination Committee
6 April 2023

Risk and internal control

Risk management

The Board is responsible for establishing a framework of prudent and effective controls, which enable the Company's risks to be assessed and managed. The Board has carried out a robust assessment of the principal and emerging risks facing the Group, including those that threaten its business model, future performance, solvency or liquidity. Please refer to pages 74 to 81 for further information on the Group's principal risks and uncertainties, what procedures are in place to identify emerging risks, and how these are being managed and mitigated.

Executive and senior Management have primary responsibility for identifying and managing the risks the Group faces. A comprehensive risk management programme has been developed and is monitored by the Group Risk Committee, which is chaired by the Group Legal & Compliance Director and whose members include the Group Head of Internal Audit and Risk and senior operational managers from across the Group. Throughout the year each meeting has been attended by at least one independent Non-Executive Director as a guest of the Chair of the Committee.

The Board sets the Group's risk appetite and, through the Audit Committee, reviews the operation and effectiveness of the Group's risk management activities. The Board periodically reviews the Group's strategic risks and its key mitigation plans and, through the Audit Committee, receives regular reports from the Group Risk Committee. As a sales-led and customer-focused organisation, effective risk management processes are vital to the Group's continued success. Therefore, the Board continues to apply a robust risk management and governance model to provide assurance over the principal risks that might affect the achievement of the Group's strategic priorities. These strategic priorities are focused on improving the Services business and maintaining the longevity of the Group's customer relationships, which in turn rely heavily on the contribution made by the Group's customer-facing employees and those involved in Services innovation and design.

The Group's risk management approach recognises this, ensuring that risks are identified and mitigated at the appropriate level, leaving individuals empowered to make their vital contributions. The Group's model uses the well-defined three lines of defence methodology:

- The first line of defence consists of operational management, which owns the risks and apply the internal controls necessary for managing risks day-to-day.
- The second line of defence comprises functions such as internal compliance and assurance, which offer guidance, direction, oversight and challenge at the appropriate level.
- The third line of defence, provided by Group Internal Audit, gives an independent view of the effectiveness of the risk management and internal control processes. It reports to the Audit Committee to ensure independence from Management.

The Board reviews the operational effectiveness of the risk management model by directing the reinforcement of the processes that underpin it and by making sure it is embedded across all levels of the organisation. For example:

- The Schedule of Matters Reserved for the Board ensures that the Directors properly address all significant factors affecting Group strategy, structure, financing and contracts.
- The Board and Executive Committee consider the principal risks, which are the barriers to achieving the Board's Strategic Priorities.
- The Group Risk Committee challenges the effectiveness of the principal risk mitigations.
- The Group Risk Committee considers each principal risk in-depth at least once a year, by receiving reports from the risk owner.
- The Group Risk Committee's deliberations, along with the current status of each principal risk, are reported to the Audit Committee and the Board.
- The principal risk list is reviewed once a year and leverages a bottom-up annual operational risk review, where operational management identifies their everyday risks.
- The Group Compliance Steering Committee assesses observance of laws and regulations, and reports to the Group Risk Committee.
- The bid governance process reviews bids or major changes to existing contracts, and aligns with the Group's risk appetite and risk management process.

The model and process comply fully with the UK Corporate Governance Code and the Financial Reporting Council's Guidance on risk management, internal control and related financial and business reporting. Recent enhancements to the risk framework and processes, have now been embedded and include:

- Risk owners report to the quarterly meetings of the Group Risk Committee, ensuring that they consider risk appetite, non-financial risks and potential risk triggers.
- While all principal risks are reviewed at least annually by the Group Risk Committee, higher-level risks are considered more frequently. Contract risks, cyber risk and data privacy are reviewed bi-annually while acquisition integration risk is considered at each meeting.
- The Compliance Steering Committee, which reports to the Group Risk Committee, has completed the rollout of a Compliance Management System to assess risk and compliance more thoroughly.

The Group has detailed business interruption contingency plans for all key sites. These are regularly tested, in accordance with an agreed schedule.

Internal control

The Board has overall responsibility for maintaining and reviewing the Group's systems of internal control, and ensuring that the controls are robust and enable risks to be appropriately assessed and managed. The Group's systems and controls are designed to manage risks, safeguard the Group's assets and ensure information used in the business and for publication is reliable. This system of control is designed to reduce the risk of failure to achieve business objectives to a level consistent with the Board's risk appetite, rather than eliminate that risk, and can provide reasonable, but not absolute, assurance against material misstatement or loss.

Throughout the year, the Board receives reports which enable it to consider the Group's significant risks, how they are identified, evaluated and managed, and the effectiveness of the system of internal control in managing those significant risks. The Board also carries out an annual review of the effectiveness of the internal control and risk management systems, covering all material controls, including financial, operational and compliance controls.

This formal process consists of a presentation to the Audit Committee by Management which provides the detailed evidence necessary to support its recommendation to the Board on the effectiveness of the systems of risk management and internal control. The evidence from which the Board draws it conclusions includes reports and other relevant information received, the results of an annual risk and internal controls questionnaire completed by senior management and how any significant control weaknesses are followed-up and mitigated. In the Board's opinion, the Group has complied with the Code's internal control requirements throughout the year. All systems of internal control are designed to identify continuously, evaluate and manage significant risks faced by the Group.

The key elements of the Group's controls are detailed below.

Responsibilities and authority structure

As discussed above, the Board has overall responsibility for making strategic decisions. There is a written schedule of matters reserved for the Board.

The Group Executive Committee meets formally on a quarterly basis and, more informally, on a fortnightly basis, to discuss day-to-day operational matters. With the Group Operating Model in place across all of the Group's main operating entities, ultimate authority and responsibility for operational governance sits at Group level. The Group operates defined authorisation and approval processes throughout its operations. Access controls continue to improve, where processes have been automated to secure data. The Group has developed management information systems to identify risks and enable the effectiveness of the systems of internal control to be assessed. Linking employee incentives to customer satisfaction and profitability reinforces accountability and encourages further scrutiny of costs and revenues.

Proposals for capital expenditure are reviewed and authorised, based on the Group's procedures and documented authority levels. The cases for all investment projects are reviewed and approved at divisional level. Major investment projects are subject to Board approval, and Board input and approval is required for all merger and acquisition proposals.

Planning and reporting processes

Each year, senior Management prepares or updates the three-year strategic plan, which the Board then reviews. The comprehensive annual budgeting process is subject to Board approval. Performance is monitored through a rigorous and detailed financial and management reporting system, through which monthly results are reviewed against budgets, agreed targets and, where appropriate, data for past periods. The results and explanations for variances are regularly reported to the Board and appropriate action is taken where variances arise. Management and specialists within the Finance Department are responsible for ensuring that the Group maintains appropriate financial records and processes. This ensures that financial information is relevant and reliable, meets applicable laws and regulations, and is distributed internally and externally in a timely manner. Management reviews the Consolidated Financial Statements, to ensure that the Group's financial position and results are appropriately reflected. The Audit Committee reviews all financial information that the Group publishes.

Centralised treasury function

The Board has established and regularly reviews key treasury policies, which cover matters such as counterparty exposure, borrowing arrangements and foreign exchange exposure management. The Group Treasury function manages liquidity and borrowing facilities for customer-specific requirements, ongoing capital expenditure and working capital. The Group Treasury function reports to the Group Finance Director, with regular reporting to the Audit Committee.

The Group Treasury Committee enhances Management oversight. It is chaired by the Group Finance Director and also comprises the Group Financial Controller, the Group Head of External Reporting and the Group Head of Tax and Treasury. It is responsible for the ongoing review of treasury policy and strategy, and for recommending any policy changes for Board approval. The Committee approves, on an ad hoc basis, any treasury activities which are not covered by existing policies or which are Matters Reserved for the Board, and also monitors hedging activities for effectiveness.

Compliance policies

The Group has a number of compliance policies, including those relating to the General Data Protection Regulation, Business Ethics and Anti-Bribery and Corruption. Any breach of these policies by an employee is a disciplinary matter and is dealt with accordingly. The internal control regime is supported by a whistleblowing function, which is operated by an independent third party.

Audit Committee and the auditor

For further information on the Company's compliance with the Code's provisions relating to the Audit Committee, Group auditor and Internal Audit, please refer to the Audit Committee report on pages 102 to 109.

The Corporate Governance Report, from pages 83-133, was approved, by order of the Board, and signed on its behalf by:

Simon Pereira
Company Secretary
6 April 2023

Audit Committee report

Current members	Role	Attendance record
1. Pauline Campbell	Non-Executive Director	6/6
2. René Carayol (member from 1 November 2022)	Non-Executive Director	2/2
3. Ljiljana Mitic	Non-Executive Director	6/6
4. Ros Rivaz	Non-Executive Director	6/6
Former member		
5. Rene Haas (member until 1 December 2022)	Non-Executive Director	2/4

On behalf of the Board, the Committee is responsible for overseeing the effectiveness of the Group's systems of internal control and the risk management framework.

Pauline Campbell
Chair of the Audit Committee

Dear Shareholder,

I am pleased to deliver our Audit Committee report for the year ended 31 December 2022. In the report below we explain how the Committee has discharged its responsibilities during the year, including the selection of a new auditor, considering the significant matters relating to external financial reporting and ensuring that the relationship with internal and external auditors remains appropriate.

Composition of the Committee

On 1 December 2022, Rene Haas retired from the Board. René Carayol, who joined the Board on 1 November 2022, received a briefing from Pauline Campbell upon joining the Committee.

As at 31 December 2022, the Audit Committee comprised the four independent Non-Executive Directors. All members are considered to be appropriately qualified and experienced to fulfil their role and allow the Committee to perform its duties effectively. For the purposes of Code Provision 24, one member of the Committee, Pauline Campbell, is considered to have recent and relevant financial experience. The Committee notes the requirements of the Code and confirms that, having considered the requirements against feedback provided through the Board and Committee effectiveness review, the Committee, as a whole, has competence relevant to the sector in which the Company operates. Further details of specific relevant experience can be found in the Directors' biographies on pages 86 to 87.

Meetings of the Committee

The Committee met six times during 2022. Meetings are attended routinely by the Chair of the Board, Group Finance Director, Group Head of External Reporting, Group Head of Internal Audit & Risk Management and the external auditor. The Company Secretary acts as secretary to the Committee. The meetings cover a standing list of agenda items, which is based on the Committee's Terms of Reference, and consider additional matters when the Committee deems it necessary.

In addition to the Committee meetings, the Chair also meets privately on occasion with members of Management during the year, to discuss the risks and challenges faced by the business as well as accounting and reporting matters and, importantly, how these are being addressed. On two occasions during the year, the Committee met separately with the external auditor and the Group Head of Internal Audit & Risk Management, without Management present, in addition to regular dialogue with the external auditor. From time to time, on an ad-hoc basis, members of the Committee, including the Chair, also attend meetings of the Group Risk Committee.

The Chair remains satisfied that the flow of information to the Committee is appropriate and provided in good time, to allow members to review matters due for consideration at each Committee meeting. The Committee is also satisfied that meetings were scheduled to allow adequate time to enable full and informed debate.

Principal responsibilities of the Committee

The Committee's main responsibilities during the year, as set out in the Code, were to:

- monitor the integrity of the Company's Financial Statements and any formal announcements relating to the Company's financial performance, and to review significant financial reporting estimates and judgements contained therein;
- provide advice on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- review the Company's internal financial controls and internal control and risk management systems;
- monitor and review the effectiveness of the Company's Internal Audit function, including approving the internal audit plan;

- make recommendations to the Board about the appointment, re-appointment and removal of the external auditor, and, where necessary, conduct the tender process;
- approve the external auditor's remuneration and terms of engagement;
- review and monitor the external auditor's independence and objectivity;
- review the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements;
- develop and implement a policy on engaging the external auditor to supply non-audit services, ensure there is prior approval of non-audit services, consider the impact this may have on independence, take into account the relevant regulations and ethical guidance in this regard, and report to the Board on any improvement or action required; and
- report to the Board on how it has discharged its responsibilities.

Immediately following each Committee meeting, the Chair reports to the Board on the Committee's activities and how it is discharging its responsibilities as set out in its Terms of Reference, which can be found on the Company's website at investors.computacenter.com.

Activities of the Committee

The Committee's activities during the year, which are based on its Terms of Reference, are set out below:

Key estimates, judgements and current financial reporting standards

The Committee reviewed the integrity of the Group's Consolidated Financial Statements and, in doing so, considered the following key estimates and judgements. In reviewing these matters, the Committee also took account of the views of the external auditor, KPMG LLP (KPMG).

Technology Sourcing agent versus principal revenue recognition

Since the finalisation of the revised Group revenue recognition accounting policies and adoption of IFRS 15 on 1 January 2018, Management has continued to keep under review the nature of the finely balanced judgement on whether certain lines of Technology Sourcing revenue are to be recognised on an agent versus principal basis.

On occasion, on a deal-by-deal basis, Management may conclude that a particular deal is to be recognised as agent rather than as principal. Typically, technology partners and customers approach us with an opportunity where the technology partner is taking the contract and performance risks, sets the selling price and uses Computacenter as a pass-through agent in the channel, to transact the deal for a set fee. Since adoption of IFRS 15, these have been primarily large software deals where there is no ongoing contractual obligation of service on us following the transaction. We have no say in the pricing or selection of the product and are merely standing in the sales channel between the technology partner and customer, for the pre-determined fee. Based on the facts and circumstances of each deal, we assess how the terms and conditions of the deal are applied in practice against our revenue recognition policies, by reviewing the weighting applied to the agent/principal indicators. As a result, we have classified several of these deals as being on an agency basis, concluding that the fee received should be booked as net revenue.

In addition to these existing treatments, Management performed detailed reviews of the tentative, and then final, agenda decisions of the International Accounting Standards Board's (IASB) IFRS Interpretations Committee ('IFRIC') that was released on 1 December 2021, finalised on 20 April 2022 and approved by the Board of the IASB at its May 2022 meeting. The agenda decision considered the specific recognition criteria for standalone software licences resold by value-added resellers. Management produced an initial analysis of the impacts of the agenda decision on the Group, outlining the eventual change to agent revenue recognition for the majority of our software and resold services Technology Sourcing business lines that had previously been recognised as principal.

The Committee reviewed the initial accounting memorandum produced by Management and supported its proposed programme of further investigatory analysis in this area. Following further detailed analysis produced by Management the Committee concluded that the change to revenue recognition policies adopted in the 2022 Interim Report and Accounts was appropriate.

Qualified Interim Reporting

As described in note 3 of the 2022 Interim Report and Accounts, in accordance with IAS 8, a retrospective restatement of the relevant prior period reported Financial Statements for the period to 30 June 2021 and the year to 31 December 2021 was published in the 2022 Interim Report, due to the above change in revenue recognition policies relating to software licences and third-party services agreements resold on a standalone basis, following the finalisation of an agenda decision by the IFRS.

For our trading businesses which operate on our Group Enterprise Resource Planning (ERP) system, we were able to quickly determine the adjustments required under the new accounting policy to restate the comparative information through readily available high-quality data. For one of our North American business units, an entity operated on a legacy ERP system following its acquisition in October 2018, prior to its migration to the Group ERP system on 1 September 2021, this proved more difficult. The legacy ERP system used at the time was not designed to produce the analysis to identify software and resold services product sales that are now recognised on an agent basis, to the degree of precision required. Further, limited data migration issues were identified that also impacted on this analysis post-migration and during the first six months of 2022. The issues identified affected the classification as agent rather than principal, and therefore, only the quantification of some revenue and cost of goods sold, by equal amounts, for this business unit. Gross profit, operating profit, profit before and after taxes, and cash, are not changed by the new accounting policy.

Significant data interrogation was performed by the Group to produce the adjustment, for the Interim Report and Accounts, for this business unit, both for the eight-month time period concerned in 2021, when it continued to operate on the legacy system, and subsequently where it now operates on our Group ERP system. This work was required to produce the comparative adjustment required for this business unit, which formed part of the overall Group and North American Segment, restatement, and for the impact on the first half of 2022 revenue and cost of goods sold.

Management was unable to provide the required level of information to the external auditor prior to publishing the Interim Report and Accounts and the Committee was satisfied that KPMG required, and Management chose to accept, the inclusion of a qualified conclusion within its independent review report, rather than the alternative option of a delay releasing the Interim Report and Accounts. The Committee received assurance from Management that the necessary data would be available before the conclusion of the audit for the year ended 31 December 2022.

Management continued to cleanse and address residual data migration issues following the qualified conclusion on the Interim Report and Accounts. The Committee has been provided with an updated accounting analysis and memorandum showing that the necessary data has been made available and adjustments made for the overall Group and North American Segment for the year ended 31 December 2022.

After reviewing Management's information, the Committee was satisfied with the adjustments to record certain sales as agent, rather than principal, for the current and comparative reporting periods. The Committee was also pleased to note that Management provided sufficient data to allow KPMG to express its audit opinion without modification or qualification with respect to this matter.

Audit Committee report continued

Release of preliminary results

The published date for the release of preliminary results was set at 20 March 2023. This date was set later than in previous years to allow additional time for KPMG to complete its audit work. The Chair held regular discussions with Management and KPMG to confirm that the reporting would take place as expected. It became clear that KPMG required more time to complete its procedures, primarily in respect of one North American business unit. The Committee consulted with and recommended to the Board that an announcement be made that the preliminary statements would be released on 31 March 2023, as agreed with KPMG.

Technology Sourcing revenue recognition and 'bill and hold' cut-off procedures

The nature of the business leads to a significant amount of sales orders around year end, with high volumes of 'bill and hold' transactions. Judgement is required to determine if the appropriate criteria have been met to recognise a 'bill and hold' sale. There remains some risk that revenue is recognised in the incorrect accounting period if the judgements are not made correctly.

Management has an established set of criteria to allow recognition of revenue, which are applied throughout the business and designed to ensure compliance with International Financial Reporting Standards.

The Audit Committee supported the auditor's continued focus on testing Technology Sourcing revenue cut-off, particularly in regard to 'bill and hold' arrangements where customers purchase inventory that remains in our Integration Centers following revenue recognition.

In addition, there are a number of Professional Services contracts where revenue is recognised based on fulfilling the customer's requirements in accordance with contract terms. Management highlights to the Committee any contracts that may be of interest, including the process by which such contracts are identified.

The Committee noted that no errors with a material impact on reported profitability were found as a result of the auditor's work in the area of Technology Sourcing. Management will consider process improvements as part of the required change in the area of agent versus principal revenue recognition described above.

Acquisition accounting

During 2022, the Group acquired BITS, a Technology Sourcing reseller in the United States, and Emerge, a Managed Services provider located in several Asia-Pacific countries.

The Committee reviewed the acquisition accounting judgements, including the valuation of acquired intangible assets, and the differences between the provisional fair values and the book values at acquisition.

The Committee was satisfied with Management's assessment that it is highly probable that the maximum contingent consideration will become payable and accordingly the discounted maximum contingent consideration has been included in determining the provisional fair value to the Group for BITS. The Committee also reviewed Management's assertion that the contingent consideration was actually consideration rather than remuneration, on the basis that individuals who were selling shareholders due the contingent consideration were not required to remain in employment post-acquisition.

The initial accounting for the BITS and Emerge acquisitions has concluded in most areas, with only certain items remaining as provisionally determined at the end of the reporting period. The Committee will further review final positions close to the anniversary of the respective acquisition dates.

Exceptional and other adjusting items

The Committee considered the nature and quantum of items disclosed as exceptional or as other adjusting items outside of adjusted[1] profit before tax in the Group's 2022 Annual Report and Accounts.

The Committee reviewed Management's schedule of £1.8 million of costs directly related to the acquisition of BITS, which have been classified as exceptional. The Committee noted that these costs included advisor fees and a finder's fee that was paid on behalf of the vendor on completion of the transaction. The Committee found that these costs were non-operational in nature, significant in size for the reporting Segment, unlikely to recur and required to be taken as an exceptional item in line with our policy on acquisition costs. The Committee therefore agreed that these costs should be classified as outside our adjusted[1] results. The Committee noted that a further £2.0 million relating to the unwinding of the discount on the deferred consideration for the purchase of BITS has been removed from the adjusted[1] net finance expense and classified as exceptional interest costs. Whilst this item is, individually, not material, it forms part of the collective overall cost of the acquisition and the Committee agreed that, due to the material size of the acquisition and the impact on the underlying net finance expense, this should also be treated as an exceptional item.

Management continued to exclude the amortisation of acquired intangible assets, and the tax effect thereon, as an 'other adjusting item' outside of adjusted[1] profit after tax in the Group's 2022 Annual Report and Accounts. Management highlighted that this charge had materially increased with the acquisition of FusionStorm and Pivot.

Management's view is that amortisation of intangible assets is non-cash and is significantly affected by the timing and size of acquisitions, which affects understanding of the Group and Segmental operating results.

Management considered the presentation of adjusted[1] profit in the first half of the Annual Report and Accounts, after taking account of the European Securities and Markets Authority Guidelines on Alternative Performance Measures, which promote the usefulness and transparency of such measures. Management remains satisfied with the reconciliation between statutory and adjusted[1] measures that the Group has presented since the 2015 Interim Report, and the level of disclosure which explains both the differences between these measures and the reasons for the differences.

The Committee considered the nature and quantum of items disclosed as exceptional or as other adjusting items that are excluded from the Group's adjusted[1] profit before tax, and other alternative performance measures, in the Group's 2022 Annual Report and Accounts. The Committee concluded that the presentation of adjusted[1] profit was adequately explained, was intended to provide clarity on performance and has sufficient equal prominence with statutory profit.

Going Concern basis for the Consolidated Financial Statements

Management prepared a paper that provided input to the Board's assessment of whether it is appropriate for the Group to adopt the going concern basis in preparing Consolidated Financial Statements, at both the half year and full year. To do so, Management reviewed the Group's financial plans and its liquidity, including its cash position and committed bank facilities. It also considered the Group's financing requirements in the context of available committed facilities and reviewed forecasts concerning trading performance, which had been discussed and approved at the 8 December 2022 Board meeting.

In making its assessment Management assessed factors which could affect the modelling of the Group's financial plans and its impact on the Going Concern assessment.

This included:

- Key financial performance forecasts for the next 12 months and the predicted impact on cash generation.
- Supporting models with rigorous downside sensitivity analysis, which involves flexing a number of the main assumptions underlying the forecasts.
- Further downside scenario testing where the potential impact of the principal risks and uncertainties are applied to the forecasts.

- Only those risks and uncertainties that, individually or in plausible combination, would threaten the Group's business model, future performance, solvency or liquidity over the assessment period and which are considered to be severe but reasonable scenarios. It also takes into account an assessment of how the risks are managed and the effectiveness of any mitigating actions.
- For the current year, the primary downside sensitivity relates to a modelled, but not predicted, severe downturn in the Group's revenues, beginning in 2023, simulating a continued impact for some of our customers from the current economic crisis together with the Group's revenues being impacted by supply shortages. This sensitivity analysis models a continued market downturn scenario, with slower-than-predicted recovery estimates, for some of our customers whose businesses have been affected by both the Covid-19 pandemic and the current economic crisis, and a similar downturn occurring for the remainder of our customer base. A further impact on the Group's Technology Sourcing revenues through 2023 from possible ongoing technology partner-related supply shortage issues has also been included in the sensitivity analysis.
- Forecast high and low points of cash generation.
- Ability of Management to implement leveraging or factoring to offset the impacts of the severe downsides modelled above.

The Committee considered the assessment described above, together with the extended Going Concern disclosures included within the 'basis of preparation' note to the Financial Statements in the Annual Report and Accounts and advised the Board on its view. The Committee considered whether the going concern basis of preparation continued to be appropriate and provided recommendations around its adoption to the Board, with which the Board concurred. The statement and explanation from the Directors can be found within the Strategic Report on page 67 and the Basis of Preparation within the Notes to the Consolidated Financial Statements on page 155.

Viability Statement

The Code requires the Directors to explain in the Annual Report and Accounts how they have assessed the prospects of the Group, taking into account the Group's current position and principal risks, over what period they have done so and why they consider that period to be appropriate. The Directors are further required to state whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the assessment period they have chosen, drawing attention to any qualifications or assumptions as necessary. This requirement is known as a Viability Statement.

Following review by the Group Risk Committee, Management presented its conclusions to the Audit Committee. These included a recommendation of the appropriate period for the assessment of viability that is based on the nature of the Group's business model and its strategic time horizon, coupled with short-term macroeconomic environmental impacts. Management produces financial forecasts for the three-year period including an assessment, reviewed by the Group Risk Committee, of how these forecasts would be affected by a realistic concurrence of the Group's principal risks and the estimated impact of such a concurrence.

Management considered additional contingencies within the forecast, due to a market downside sensitivity scenario that continues throughout the assessment period and relates to a modelled, but not predicted, severe downturn in Group revenues, beginning in 2023 as described within the Going Concern analysis above. These downside scenarios continue the assessment of the risks for Going Concern throughout the assessment period with compounding impacts to cash flow as a result.

The financial forecasts build on the assumptions used for the Going Concern assessment and extend this over the three-year period. Management includes longer-term sensitivity analyses that range the modelled downturn in the market across a number of factors, including working capital usage, profitability, dividend payments and share repurchases. The analyses also include an assessment of actions that Management could take to support the balance sheet of the Company in the event of the worst-case scenarios.

Following consideration of Management's assessments and conclusions, the Committee advised the Board that it could continue to set the period of assessment for the Viability Statement at three years and that it could make the statement required for the assessment period without qualification. The statement and explanation from the Board can be found within the Strategic Report on pages 67 to 68.

Parent Company investment in subsidiaries carrying value and distributable reserves

Investments in subsidiaries are the primary asset on the Parent Company Balance Sheet. The Committee considers the carrying value of these investments annually or when an indicator of impairment is identified, as any impairment of these investments would reduce the Company's distributable reserves. Management prepared an analysis to support the carrying value of the investments in subsidiaries held by the Parent Company, including assessing the cash flow forecasts and future trading assumptions of each subsidiary. No impairment of carrying value in the investment in subsidiaries was identified during the year. The Committee considered Management's assessments and remains satisfied that the carrying value of each subsidiary remains appropriate.

Management assessed the Company's distributable reserves, prior to the declaration of both the interim and final dividends in respect of the reporting period, to ensure that sufficient reserves were legally available for distribution. Further, Management modelled the medium-term forecasts for distributable reserves, ensuring that the Board's dividend policy could remain supported by the generation of distributable reserves within the Parent Company. The Committee received a presentation of Management's conclusions and reported to the Board on the appropriateness of the dividend payment with regards to the available distributable reserves.

Taxation

Management prepared papers documenting the Tax Strategy and the Tax Policy of the Company. These papers document the policies, processes and controls relating to the Group's tax functions and the Company's Tax Strategy, which can be found on the Company's website: computacenter.com. The purpose of the Tax Strategy is to communicate the policy for the management of tax within Computacenter. It is important to ensure that consistent and effective tax standards are maintained across the Group as tax, if poorly managed, can have a significant cash and profitability impact on the Group's business activities, as well as cause reputational damage.

Management presented to the Committee on all aspects of business taxation in all territories in which the Group is currently operating. The Group Tax Strategy and Policy is subject to approval by the Board annually following its consideration by, and advice from, the Committee.

Management prepared the calculation of the tax liability of the Group, including uncertain tax positions, and assessed the recognition criteria for potential deferred tax assets relating to jurisdictions with significant carried forward tax losses. Future forecasts, changes to revenue accounting standards and local taxation rates, and potential changes to local tax structures were taken into account in determining the Group's tax rate assessment. Management made recommendations for the consideration of the Committee for the identification of tax liabilities, assets and the tax rate being disclosed in the accounts. The Committee was satisfied that tax accounting is appropriate.

Audit Committee report continued

Improvements to general financial reporting
Management continues to review its accounting policies and reporting in light of changes, general trends to improve financial reporting and observations from the auditor.

During the period the Committee received recommendations for consideration from Management on a range of topics focused on improving the quality of the Group's financial reporting. These included:

- Ongoing implementation of a Group-wide Accounting Policy Handbook, to ensure consistency in the application of the Group's primary accounting policies.
- Accounting treatment for certain one-off commercial contracts with particularly unusual or non-recurring terms.
- Analysis of the impact of inflation on longer term Managed Services contract profitability.
- Management's response to minor findings and recommendations resulting from the 2021 external audit.
- The implementation of recommendations contained within advisory publications from the FRC relating to, amongst others, best practice disclosures for revenue.
- Improvements in the year-end revenue cut off procedures and pre-audit review analysis.
- Introduction of detailed year-end reporting checklists for all Group entities, to ensure consistent close procedures with appropriate evidence of review.

The Committee approves of Management's effort to continually improve and is satisfied with changes made or proposed relating to the items listed.

Regulatory and legal compliance
Having been requested to do so by the Board in accordance with Code Provision 27, the Committee also advises the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee sought assurance as to the review procedures performed by Management, to support the Board in making this statement. These include clear guidance issued to all contributors to provide a consistent approach and a formal review process, to ensure that the Annual Report and Accounts are factually correct and reflective of material matters that have been discussed by the Board throughout the year and includes all relevant information. Following a review, the Committee advised the Board that appropriate procedures had been applied.

Management prepared a presentation on the BEIS Report on Governance and Audit Reform and provided a response on behalf of the Company for the consideration of the Committee. Management continued to monitor regulatory developments, and other upcoming reporting requirements, and updated the Committee as required.

The effectiveness of internal controls and of the risk management framework

On behalf of the Board, the Committee is responsible for overseeing the effectiveness of the Group's systems of internal control and the risk management framework. The Group Risk Committee (GRC) meets each quarter to review the key risks facing the business. These are identified, and their likelihood and impact are assessed, within the Group's 'Risk Heat Map'. They are then reviewed in conjunction with accompanying risk mitigation plans. The GRC minutes, or a summary thereof, are circulated to the Committee for review, with any matters of note highlighted and explained to the Committee by the GRC Chair. This includes an analysis of how the Group's exposure to these risks may have moved during the previous three months and how mitigations to the risks have been introduced or developed, and also provides the GRC's assessment of the effectiveness of the process. To assist the Board, the Committee monitors the risk management processes and reports from Internal Audit.

Compliance Steering Committee
The Compliance Steering Committee (CSC) reports to the GRC. It meets quarterly, two weeks before the GRC, and is chaired by the Group Compliance Manager. The Group Legal & Compliance Director, the Chief People Officer, the Group Data Protection Officer, the Group Head of Internal Audit & Risk Management and the Company Secretary make up the rest of the CSC. The CSC determines which areas of law or regulation apply to the Group, assigns these to members of Management and identifies levels of compliance and associated risk, with the aim of ensuring that these are appropriate to the Group. Critical areas within the CSC's remit include anti-bribery and corruption, whistleblowing, data protection and export control. The CSC reviews and promotes major Group internal governance enhancement initiatives. The Committee receives regular reports from the CSC on its activities.

During the year the Committee reviewed:

- The introduction of a Group-wide compliance dashboard.
- The deployment of compliance resource around the world.
- Whistleblowing reports.
- The current status of work around the Group Ethics Code, Anti-Bribery and Corruption policy and the Whistleblowing provisioning, and planned activity over the following 12 months in these areas.
- The current status and planned activity around GDPR and Modern Slavery.
- Compliance oversight of business change processes.
- Export control.
- An update on the Supplier Code of Conduct and Competition Policy.
- Group-wide coverage of compliance policies and processes, and the Group's approach to this area.

Internal control oversight
Periodically the Committee received reports on the operation of internal controls from various Group functions. These included:

- A report from the Group Information Assurance (GIA) function on its role, which continues to be a key part of the control framework for data security and cyber defence, and how it fits into the overall control structures of the Company within the wider risk management framework. GIA reported on the programme of enhancements for the Cyber Defence Center and cyber security. Where cyber incidents, attacks and breaches are detected by the GIA, it reports to the Committee on the mitigations and outcomes of any investigation, including plans for remediation and improvements.
- Updates on the implementation of the Group's ERP systems into an acquired business.
- Corporate Governance Code compliance reviews.
- A review of the Company's processes conducted to ensure the Annual Report and Accounts remains fair, balanced and understandable.
- Treasury reporting, policy and controls including the Group Treasury Strategy and Policy, Transactional FX Strategy and Policy and activities of the Treasury Committee, which retains operational oversight.
- Trade receivables control environment, to assess the heightened risk of customer defaults due to the current macroeconomic environment and the associated collection risk.
- Trade payables and other creditors control environment, to review procedures and payment timeliness analysis.
- Management's review of the value of goodwill and acquired intangibles including the assessment of factors which could affect the recoverability of these assets and whether they could give rise to an impairment.
- Annual survey results, where all members of the Group Executive and other key senior Management conduct a controls self-certification exercise and the control environment is reviewed and graded.
- The effectiveness of controls over bid management and contract reporting

- Updates on litigation matters.
- Updates on Audit Reform and Governance changes as a result of the BEIS recommendations.
- Finance organisation change and talent review.

Whistleblowing

The Committee confirms that it is satisfied that, as at the date of this report, arrangements are in place to ensure that employees are able, in confidence, to raise any matters of concern, and for the proportionate and independent investigation of such concerns, including assessment of the financial impact and any appropriate follow-up action. During the year, the Committee was satisfied that investigations and follow-up actions were appropriate. As at the date of this report, all of the Group's operating entities, including the recent acquisitions of Emerge and BITS, had access to the same whistleblowing platform.

The effectiveness of the Internal Audit function

The Group has an Internal Audit function which reports to the Chair of the Committee, and also has direct access to the CEO. Its key objectives are to provide the Board, the Committee and senior Management with independent and objective assurance on risks and the related mitigating controls, and to assist the Board in meeting its corporate governance and regulatory responsibilities. A formal audit charter guides the function's work and procedures and was updated during the year.

The Board, through the Committee, has directed the Internal Audit department's work towards areas of the business that are considered to be the highest risk. The Committee approves a rolling audit programme, ensuring that all significant areas of the business are independently reviewed over, approximately, a four-year period. The programme and the audit findings are assessed continually, to ensure they take account of the latest information and, in particular, the results of the annual review of the effectiveness of internal control and any shifts in the focus areas of the various businesses.

Each year, the Committee reviews the effectiveness of the Internal Audit department and the Group's risk management programme. The formal review typically consists of an evaluation of Internal Audit's activities by members of the Committee and managers across the business who have been subject to audit during the year. The assessment normally covers areas such as departmental organisation, business understanding, skills and experience, communication and performance.

The Committee received an update from the Group Head of Internal Audit & Risk Management at each meeting during the year. The updates covered current audit activities and the results of completed audits. The Chair met the Group Head of Internal Audit & Risk Management on a number of occasions during the year, to be updated on the function's activities. The Committee kept Internal Audit's staffing levels under review throughout 2022.

The Committee has challenged and approved the Internal Audit plan and the mapping of that plan to the Group's principal risks and related mitigating controls, as set out on pages 74 to 81. The plan is kept under review to reflect the changing needs of the business and to ensure that new and emerging business risks are appropriately considered within it.

Internal audit independence

In all material respects, Computacenter follows the 'Internal Audit Code of Practice: Guidance on effective internal audit in the private and third sectors' published by the Chartered Institute of Internal Auditors in January 2020. In particular the Head of Internal Audit is ultimately responsible to the Chair of the Audit Committee, with a secondary reporting line to the Group Finance Director for administrative purposes only.

To guarantee its independence and objectivity Internal Audit does not:

- Set the Company's risk appetite.
- Impose risk management processes.
- Take decisions on risk mitigation or implement risk mitigation actions on behalf of business management.
- Perform operational duties, including the operation of policies and procedures.
- Initiate or approve accounting transactions.

In addition, the Audit Committee:

- Is responsible for the appointment and removal of the Head of Internal Audit.
- Approves the annual Internal Audit plan and budget.
- Receives regular updates from the Head of Internal Audit.

Performance of the Committee

The externally facilitated review indicated that the Committee continues to perform effectively. No significant issues in the way the Committee functions were highlighted as being in need of remediation. The Committee agreed that it would review the way in which it addressed its terms of reference to ensure that the focus on critical matters remained appropriate whilst considering whether other matters could be delegated to other Committees of the Company. Refer to page 92 for further details on the externally facilitated evaluation carried out.

External audit tender

The Committee considers the re-appointment of the external auditor each year, as well as remuneration and other terms of engagement.

Following a discussion with KPMG, subsequent to the adoption of the 2021 audit of the Company and Group accounts, it was mutually agreed that the Committee would proceed with an immediate audit tender process for the 2023 year end that would explore different, and fresh, perspectives on the conduct of the audit of the Group. As a result of discussions with the firm, it was agreed with KPMG that they would not participate in this process.

In 2022, the Committee led a formal, rigorous and competitive tender process for external audit services for the 2023 financial year onwards. The Committee appointed an internal Selection Panel (the 'Panel') on its behalf to review the competitive tender bids and make recommendations to it for consideration.

Selection Panel

The Panel consisted of two members of the Committee, including the Chair, both Executive Directors and three senior members of the finance team.

The steps that were undertaken as part of the process are set out below:

Investor consultation

The Committee considered whether to consult with major investors and key investor associations at the outset of the process, to invite them to discuss the Company's proposed approach to the tender process, including details of audit firms to be invited to participate in the tender process. However similar approaches from FTSE listed companies have not typically solicited responses and, due to the timescales involved, the Committee decided to proceed with the process to ensure that it could be completed in time to enable a sufficient transition period from the incumbent firm.

Expressions of interest

The Company held discussions with three of the 'Big Four' firms, as well as four mid-tier firms to capture expressions of interest. Deloitte LLP and PriceWaterhouseCoopers LLP both confirmed that they would not be able to perform the 2023 audit as they would not be considered independent at the point of commencement of the audit engagement. Further, Ernst & Young LLP and RSM UK Group LLP, were both unable to participate in the tender due to forecast resource constraints in 2023 preventing them from assembling an audit team.

Audit Committee report continued

Invitation to tender

The Company issued a formal Request for Proposal (RFP) to the three firms which had confirmed a willingness to participate in the tender process, BDO LLP (BDO), Grant Thornton UK LLP (Grant Thornton) and Mazars LLP (Mazars), detailing the evaluation criteria which would be used by the Panel in informing its decision, which included but were not limited to:

- Quality and clarity of audit approach
- Quality record of the firm, lead partner and senior audit personnel
- Appropriate geographical breadth to cover our locations
- The quality of understanding of the audit risk areas
- Audit transition and implementation plan
- Depth of understanding of Computacenter's business, its industry and the risks in the industry
- Audit team knowledge and experience, including specialist resource
- Overall quality of the response and adherence to RFP instructions

Subsequent to the issuance of the RFP, BDO withdrew from the tender process.

Lead audit partner interviews

Members of the Panel interviewed the proposed lead audit partners from each firm to enable the Committee to assess their ability to work with us and lead the quality of team that we required.

Data room and preliminary meetings

The data room was opened to participating firms who were also granted access to key management and Committee members.

Further engagement

Initial questions/requests for further information were received from the participants. We provided detailed responses to these requests to all participating firms, not just the firm that requested the information.

Written proposal

The Company received a written proposal from each of the firms. The firms were also asked to review and comment on the previous year's Annual Report as part of their submission proposals.

Presentations and Q&A session

At the final stage, the participating firms delivered presentations and their proposed audit plan, followed by a question-and-answer session. The meetings were attended by all of the Panel members.

Evaluation, assessment and Committee recommendation

The Committee's unanimous view was that each firm participated with energy, enthusiasm and integrity and that each could perform a quality audit of the Group. However, based on the evaluation criteria above, the Panel discussed and unanimously agreed to recommend Grant Thornton to the Committee for consideration, but also expressed their thanks to Mazars for its participation. Following a review, the Committee concurred with the Panel's findings and recommendations.

References

Independent references for the successful firm's lead partner were taken by the Committee Chair.

Board decision

Based on the Panel's findings, the Committee recommended the two firms to the Board, with a preference for the tender to be awarded to Grant Thornton. The Board endorsed the Committee's recommendation.

Announcement

Once the terms of engagement were finalised, the independence of Grant Thornton had been confirmed, and the Company was clear on transition arrangements, the Company announced the results of the audit tender on 9 December 2022.

Audit transition plans

The proposed external auditor, Grant Thornton, has started undertaking transitional activity from December 2022 in preparation for the external audit cycle in 2023, by shadowing the outgoing external auditor and attending the Committee meetings from December 2022. This will aid a smooth transition and allow Grant Thornton to embark on the 2023 audit as well prepared as possible. Grant Thornton will also hold meetings with key members of the senior management team regularly during this period, including a transition workshop involving a number of individuals from the Company.

In anticipation of this start date and to ensure full auditor independence and objectivity, Grant Thornton and Computacenter management reviewed the non-audit services provided by Grant Thornton to Computacenter in 2021 and 2022. All prohibited services ceased by 31 December 2022.

The Committee will monitor the transition of the auditor throughout the year to ensure the effectiveness and independence of Grant Thornton. The Board will seek approval for Grant Thornton to be appointed as external auditor at the 2023 AGM for the year ending 31 December 2023.

The integrity of the Group's relationship with the auditor and the effectiveness of the external audit process

External audit

The Committee oversees the Group's relationship with its auditor and makes recommendations to the Board concerning the appointment, re-appointment and remuneration of the auditor. KPMG LLP was first appointed as the Group's auditor with effect from May 2015, following a competitive tender process.

Re-appointment of the auditor

As described above, the Committee recommended to the Board the appointment of a new auditor for the 2023 audit.

Rotation of lead audit engagement partner

Unfortunately, due to personal circumstances unrelated to KPMG or the audit of Computacenter plc, the partner responsible for the Computacenter Plc audit throughout the year, Mr David Neale, was unable to complete the finalisation of the audit. Therefore, another audit partner, who had already been involved in the audit, Mr Mark Flanagan, signed the audit opinion. Mr Flanagan confirmed to the Committee that he had sufficient time and access to all areas of the work performed to be able to sign the audit opinion on behalf of KPMG. Further, KPMG has communicated to the Committee outlining the general procedures to safeguard independence and objectivity, disclosing the relationship with the Company and confirming their audit independence.

During the reporting period, the Company complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Committee Responsibilities) Order 2014.

Effectiveness of the external audit process

The Committee places great importance on ensuring a high-quality and effective external audit process. When conducting the annual review, the Committee considers the performance of the auditor as well as its independence, compliance with relevant statutory, regulatory and ethical standards, and objectivity. The Committee reviewed the effectiveness and quality of the external audit process by:

- reviewing the audit plan, including identified significant risks and monitoring changes in response to new issues or changing circumstances, including recommending the performance of additional interim procedures and more effective communication with component teams;
- reviewing the planned audit hours of each component;

- reviewing the audit scope with the lead audit engagement partner, to ensure adequate coverage of full-scope audit components over the Group's operations;
- understanding the materiality thresholds adopted by KPMG at each reporting period, for both the audit of the Group and its key audit components;
- attending KPMG's annual 'Academy Day' audit planning workshop, which was attended by senior members of the worldwide audit team and senior finance managers from across the Group;
- receiving reports on the results of the audit work performed; and
- considering the report of the FRC's Audit Quality Review team (AQRT) on KPMG.

The Committee reviewed the audit plan for the acquired entities for the part-year ended 31 December 2022 with KPMG, to ensure audit coverage was appropriate.

The Committee reviewed the year-end report to the Committee and discussed it with the lead audit engagement partner. The Committee further reviewed the effectiveness of the external audit process by means of a questionnaire, which was completed by key stakeholders and relevant Group Management. The matters covered by the questionnaire included the understanding of the business and its audit risks, and the degree of scepticism, challenge and competency of the KPMG employees that comprise the audit team. The results were discussed as a specific agenda item at the Committee meeting immediately following the completion of the questionnaire process, and actions requested by the Committee to enhance effectiveness were followed up with a series of face-to-face meetings and continue to be monitored as appropriate.

The Committee also discussed the report published by the AQRT into the findings of its inspections of audits carried out by KPMG. The Committee is satisfied that the audit team was aware of the findings and was provided assurance that the ability of the team to provide a quality audit was not impaired.

	2022 £m	2021 £m
Auditor's remuneration:		
– Audit of the Financial Statements	**0.2**	0.1
– Audit of subsidiaries	**2.3**	1.7
Total audit fees	**2.5**	1.8
Audit-related assurance services including the review of the Interim Report and Accounts	**0.1**	0.1
Taxation compliance services	**–**	0.1
Total non-audit services	**0.1**	0.2
Total fees	**2.6**	2.0

Auditor independence

The Committee places considerable importance on ensuring the continuing independence of the Group's auditor. This topic is reviewed at least annually with the auditor, which confirms its independence to the Committee twice a year. In addition to the above, the Company paid £0.3 million (2021: £0.5 million) to Ernst & Young LLP to perform audit procedures to meet the requirements as a component auditor on the Group audit, reporting to KPMG.

Non-audit services

To help maintain the auditor's independence, the Committee has a policy regarding the scope and extent of non-audit services provided by the Group's auditor, which is summarised below.

The auditor is appointed primarily to report on the annual and interim Consolidated Financial Statements. The Committee places a high priority on ensuring that the auditor's independence and objectivity is not compromised either in appearance or in fact. Equally, the Group should not be deprived of expertise where it is needed and there may be occasions where the external auditor is best placed to undertake other accounting, advisory and consultancy work, in view of its knowledge of the business, as well as confidentiality and cost considerations.

Under the Committee's non-audit services policy, the Group auditor should not be engaged to undertake work which constitutes a prohibited non-audit service, as defined under provision 5.167 of the FRC's Ethical Standard. Any other non-audit service (a 'Permitted Service') must, to the extent that it is not viewed as 'trivial', be approved in advance by the Committee.

In each case where the Group auditor is authorised to perform a Permitted Service, the Committee will assess threats to the auditor's independence and the proposed safeguards to be applied when such services are carried out. It will also document what action was taken by the Group auditor, including appropriate safeguards where necessary, to ensure that its independence was not compromised as a result of performing the Permitted Service. The Committee will consider alternative suppliers and competitive tenders and then discuss and document why it viewed the Group auditor as the most appropriate party to perform the Permitted Service.

The Committee monitors compliance with this policy by monitoring the level of non-audit work provided by the external auditor, resulting in non-audit fees being 4.0 per cent of KPMG's overall audit fee during 2022 (2021: 11.1 per cent), as set out above. The Group auditor will, in no circumstances, undertake non-audit services for the Group to the extent that the total fee payable by the Group to its auditor exceeds 70 per cent of the average annual statutory fee payable by the Group over the last three consecutive years. The Group ceased using the Group's auditor for all taxation services within the EU during 2017.

During the year, KPMG provided only trivial non-audit services to the Group. Any trivial non-audit services provided were subject to KPMG's review of the impact on its own independence against the Group's non-audit services policy. None of the trivial engagements constituted a prohibited non-audit service and the Committee was satisfied that the independence of KPMG, as Group auditor, was not affected.

Pauline Campbell
Chair of the Audit Committee
6 April 2023

Directors' Remuneration report

Key areas of focus during 2022

- Proposing a revised Directors' Remuneration Policy to shareholders for approval in 2023
- Remuneration matters related to the appointment of CFO-designate
- Assessment of variable remuneration outcomes for the Executive Directors including consideration of windfall gains

Areas of focus for 2023

- Continue to review Annual Bonus and PSP measures and targets to ensure that they remain aligned with performance and strategy
- Ongoing consideration of sustainability measures

ANNUAL STATEMENT FROM THE CHAIR OF THE REMUNERATION COMMITTEE

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration report for the year ended 31 December 2022.

The report that follows is split into three sections:

- this Annual Statement;
- the revised Directors' Remuneration Policy (the 'Policy') on pages 114 to 121, which will be subject to a binding vote by shareholders at the Company's AGM to be held on 17 May 2023; and
- the Annual Report on Remuneration on pages 122 to 133, which includes information concerning the amount paid to the Executive and Non-Executive Directors in respect of 2022, and details of how the Policy will be implemented in 2023. It will be subject to an advisory vote by shareholders at the Company's 2023 AGM.

Our approach to remuneration

I would like to start by taking the opportunity to thank our shareholders for their ongoing support of the Committee in its work since the approval of the current Directors' Remuneration Policy in May 2020.

Our remuneration philosophy continues to be centred on the principle that the amount paid to the Executive Directors should be clearly linked to their levels of performance and the value delivered to shareholders. This principle has guided the Committee in its discussions and decision making during the year and the remuneration outcomes described in more detail on pages 122 to 132. The executive remuneration structure at Computacenter is heavily weighted towards variable pay, which rewards stretching financial and strategic targets delivered over the short and long-term. In being simple, straightforward and transparent, the Committee believes that it also reflects Computacenter's Winning Together Values, prioritising the long-term interests of the Group, as well as being easily understood by our stakeholders.

Directors' Remuneration Policy

In line with the three-year lifecycle, the Directors' Remuneration Policy will be put before shareholders for approval at the Company's AGM in May 2023. The Committee undertook a comprehensive review of the existing Policy during the year, considering whether it remained fit for purpose taking into account the significant growth of the business and the development of the Company's strategy since the previous Policy vote in May 2020. As part of the process, we consulted with and considered feedback from our major shareholders, which helped to affirm and support the Committee's view that material changes to the Policy were not required. We are pleased that, subject to shareholder approval, our Remuneration Policy will provide continuity with a framework that is well understood by our shareholders and Executive Directors. The full revised Policy is set out on pages 114 to 121 of this report.

Business context – the year under review

A very strong finish to the year saw the Group achieve a further year of adjusted[1] diluted earnings per share growth, following two years of outstanding profit growth in 2020 and 2021. The Board viewed this as a good in-year performance, given the headwinds faced by our Services business.

The Technology Sourcing performance was excellent across the Group. Our Services revenue performance was strong, whilst our Services margin performance was impacted by the unwinding of Covid-related benefits, and inflationary pressures.

Group adjusted[1] profit before tax for the year increased by 3.2 per cent, to £263.7 million. Adjusted[1] diluted EPS, our primary EPS measure, increased by 2.5 per cent to 169.7 pence per share (2021: 165.6 pence per share) and our proposed 2022 full-year dividend has increased by 2.4 per cent, to 67.9 pence per share (2021: 66.3 pence per share). Further detail on the Group's performance is set out earlier in the Annual Report on pages 24 to 37.

Remuneration outcomes

The Committee reviewed performance against the conditions set for the annual bonus for 2022. Despite the robust performance over the year, as summarised above, the Group's result was towards the bottom end of the range of stretching financial targets set, and therefore levels of pay-out for the Executive Directors were lower than in previous years. The Group CEO received 27.85 per cent of the award at £271,538, and the Group FD received 25.85 per cent at £123,175, with 50 per cent deferred into Computacenter shares.

The Performance Share Plan (PSP) awards granted in March 2020 were based on the Company's adjusted[1] diluted EPS and Group Services revenue performance over the three financial years ended 31 December 2022. Over this period, the Company has seen significant growth, with an increase in adjusted[1] diluted EPS of 22.42 per cent per annum. The EPS and Group Services revenue targets were met in full, and therefore 100 per cent of the awards will vest and be subject to the two-year holding period.

In approving the levels of vesting under the PSP, in line with investor guidance, the Committee considered the issue of whether there had been excessive 'windfall gains' for the Executive Directors taking into account the market volatility in 2020. In undertaking this assessment, the Committee reviewed a range of factors including (i) the grant price used for the 2020 awards, and the number of shares awarded, which were within the range of previous grants (ii) the performance delivered over the period, and (iii) the wider

shareholder experience. Following this analysis, the Committee agreed that no adjustment should be made to the level of awards vesting in March 2023 and that the value to be delivered was appropriate in the context of performance.

The Committee considered the bonus and PSP formulaic outturns in the context of the external environment, the performance of the business, wider Company and individual performance, the shareholder experience, the customer experience, and the treatment of employees throughout the rest of the Group. Taking all of the above into account, the Committee considered the bonus and PSP outcomes to be a fair reflection of performance, and no discretion was exercised to vary the amount.

Finance Director transition

For the first time since it became a public company, Computacenter announced during the year that there would be an upcoming change of Executive Director. Following his period of outstanding service with the Company, Tony Conophy will retire from his position as Group Finance Director (GFD) and an Executive Director of Computacenter plc. He will step down from the Board with effect from 1 June 2023, and remain with the Company for a further period of up to three months to ensure a comprehensive transition.

Tony Conophy's remuneration will be treated in accordance with the Company's approved Remuneration Policy and his service contract. Further detail is set out on pages 128 to 129.

The Board was pleased to appoint Christian Jehle as CFO, effective 1 June 2023. As disclosed at the time of his appointment, Christian's salary has been set at £450,000, with a pension allowance of five per cent of salary, in line with the wider Computacenter workforce in the UK. Christian will be eligible to participate in the Company's variable pay plans in line with our Remuneration Policy, with a maximum annual bonus opportunity of 150 per cent of salary and a PSP opportunity in 2023 of 175 per cent of salary. This remuneration package reflects the importance placed by the Board on recruiting the strongest possible candidate to replace Tony, with a specific skillset to further develop the finance function, as the business needs of Computacenter change, and ensure that it remains in a position to best support and enable the Group's continued growth.

The search process demonstrated the competitive landscape and recruitment market in which we operate, and provided direct insight into the level of packages required to attract high-quality candidates. The Committee was also mindful that the salary for the GFD role was not adjusted at the same time as the CEO's salary was last year to take into account the fact that the size and the complexity of the business has increased materially over recent years, including the expanded geographic footprint of the business as a result of strategic acquisitions, including Pivot Technology Solutions Inc. and BT Services France. The Committee also referenced market data both for the UK and against a global peer group. Taking all of this into account, the Committee considered that the remuneration package for the role was appropriate.

Christian will also receive a one-off buy-out award to compensate for remuneration arrangements forfeited on leaving his previous employer, taking into account shareholder expectations around the value, form of award, and time horizons. These are set out in more detail on page 129.

Wider workforce considerations

In line with the Committee's broader responsibilities, the Committee reviewed information on broader workforce policies and practices, as well as the Company's gender pay gap reporting. This information provided important context for the Committee's decisions taken during the year.

As part of this, the Committee was kept informed of Management's proposals and actions to ensure that decisions concerning the Group's wider workforce considered the ongoing impact of inflation within a number of our core countries, including the current cost of living crisis in the UK. In this context, an additional one per cent salary increase was awarded to all Computacenter employees (excluding the Executive Directors and Group Executive Committee) with effect from 1 April 2022, in addition to the scheduled salary review in the first quarter of 2022. For 2023, the average increase in salaries across the Group is 6.1 per cent, which the Committee and Board considered represents an appropriate balance between mitigation of the inflationary pressures being felt by many of our employees with ensuring a sustainable cost base for the business moving forward.

We continue to ensure that employees have an opportunity to share in our success through our Sharesave plan, which we have operated for several years. Following the launch of the most recent scheme in 2022, the employee participation rate in these schemes, where an employee is in at least one active savings scheme, is 55 per cent of all employees in the UK (2021: 55 per cent) and 23.9 per cent in Germany (2021: 21.8 per cent). This is the fourth year of operation in the US business, with an overall participation rate of 21.8 per cent of the US employees.

2023 remuneration

The salary for Mike Norris and Tony Conophy will be increased by 4.8 per cent, below the average wider workforce increase. The Committee considered it appropriate to award Tony a salary increase in line with the CEO as he will be working for more than six months of the financial year to ensure an effective handover with Christian.

The 2023 bonus opportunity and PSP award level for the CEO will remain unchanged, at 150 per cent and 200 per cent of salary respectively. The remuneration arrangements for the incoming CFO have been set out earlier in this letter. The performance measures and weightings will remain unchanged for both the annual bonus and the PSP. The CEO's annual bonus personal objectives have been developed further and now include an objective based on the environment, as well as diversity and inclusion. The Committee considers ESG to be an important area of focus for the Board and is aware of investor sentiment regarding the use of ESG performance measures in incentive plans. The Committee will continue to keep this area under review as our sustainability strategy continues to mature.

The Committee considers that the current PSP award levels remain appropriate as the share price (at the time of this report being finalised) is broadly in line with the share price at the time of the 2021 PSP award and materially higher than every PSP grant made prior to that date. The PSP award in 2022 was made close to an all-time high and the share price performance since then largely reflects a wider sell-off in the general market and technology sector. The Committee will review whether there have been excessive windfalls on vesting and take the necessary steps to mitigate if required.

Committee performance

During the year, a review of the Committee and its activities was completed by the independent external evaluator, Board Excellence. The Committee was pleased to note the findings of Board Excellence relating to its performance, and having reviewed these with the Board, is comfortable that it continues to be effective in its role. Its findings are set out in more detail on page 92. The previous review at the end of 2021 highlighted the Committee's intention to continue to consider the way in which ESG factors are taken into account for remuneration purposes. This has been discussed by the Committee in the year, with an environmental objective included as part of the CEO's annual bonus personal objectives for 2023.

The Committee's role is to ensure that the remuneration paid to the Executive Directors reflects the Group's performance. I hope that, having read this report, shareholders will be satisfied that the Committee has discharged its duties appropriately and in line with your interests. The Committee and I would welcome any comments that you have on its content.

Ros Rivaz
Chair of the Remuneration Committee
6 April 2023

Directors' Remuneration report continued

AT A GLANCE: IMPLEMENTATION OF THE NEW REMUNERATION POLICY FOR 2023 AND KEY DECISIONS IN 2022

The table below summarises how key elements of the Remuneration Policy will be implemented in 2023 and key decisions taken by the Committee for the year ended 31 December 2022.

Element	Chief Executive Officer Mike Norris	Chief Financial Officer* Christian Jehle (from 1 June 2023)
Base salary (from 1 January 2023)	£681,200 (4.8 per cent increase, lower than the wider workforce increase of 6.1 per cent)	£450,000 (effective on appointment)
Pension	Five per cent (in line with UK employees)	Five per cent (in line with UK employees)
Annual bonus opportunity	Maximum: 150 per cent of salary	Maximum: 150 per cent of salary
Annual bonus measures	• The majority of the bonus will be based on financial measures and the remainder will be based on non-financial measures. • For 2023, the financial measures are Group adjusted[1] profit before tax (50 per cent), Services contribution growth (10 per cent), cash balance (10 per cent), and costs (10 per cent). • The remainder of the annual bonus (20 per cent) will be based on stretching personal objectives for the year. • Performance measures will be disclosed in full retrospectively.	
Annual Bonus deferral	• 50 per cent of the annual bonus will be deferred into shares, with half the shares payable after one year and the remaining half after two years.	
Performance Share Plan (PSP) opportunity	Maximum: 200 per cent of salary	Maximum: 175 per cent of salary
PSP measures	• 2023 PSP awards will be based on the Group's adjusted[1] diluted earnings per share (70 per cent) and Services revenue growth (30 per cent). • Performance will be measured over a three-year period. • Targets are disclosed prospectively later in this report.	
PSP holding requirement	• PSP awards are subject to a two-year, post-vesting holding period.	
Shareholding guideline	• 200 per cent of salary in-employment shareholding guideline. • Post-cessation shareholding requirements apply at the same level as the in-employment guideline (or actual shareholding, if lower) for two years after stepping down from the Board.	
Malus and clawback	• Malus and/or clawback provisions apply to annual bonus awards, including deferred awards for a period of two years, and to PSP awards up to the fifth anniversary of grant. • The malus and clawback provisions are set out in the Remuneration Policy later on in this report.	

CEO Year-end outcomes:

2022 Bonus outcome	• 27.85 per cent of maximum pay-out.
2020-22 PSP outcome	• 100 per cent of maximum vesting.

* As announced, Tony Conophy is retiring and will step down from the Board of the Company at the time that Christian is appointed. Details of Tony's leaving arrangements are set out in this report.

ALIGNMENT OF OUR POLICY WITH THE UK CORPORATE GOVERNANCE CODE

The Committee considers that the current Remuneration Policy and its implementation appropriately address the following principles, as set out in the UK Corporate Governance Code.

Principle	How the Committee has addressed this
Clarity	• The Committee is committed to providing open and transparent disclosures with regards to executive remuneration arrangements. • As part of the review of the Remuneration Policy undertaken in 2022, we consulted with our major shareholders in order to allow their feedback to be considered by the Committee. This feedback assisted the Committee in deciding that material changes to the policy were not required.
Simplicity	• In determining the remuneration framework, the Committee was mindful of avoiding complexity and ensuring that arrangements are easy to understand. Feedback we have received from our shareholders indicates that our Executive Remuneration framework is well understood outside our organisation. • Our remuneration arrangements are simple in nature, comprising three main elements – fixed pay (comprising of base salary, pension and benefits), variable short-term incentives (annual bonus), and variable long-term incentives (PSP awards). This framework is well understood by both participants and shareholders.
Risk	• The Committee believes that the structure of remuneration arrangements does not encourage excessive risk taking. • The remuneration framework has a number of features which align remuneration outcomes with risk, including a two-year, post-vesting holding period applied to any PSP awards, a deferred annual bonus plan and personal shareholding guidelines applying both in-employment and post-employment. • In addition, malus and clawback provisions apply to both the annual bonus and PSP awards.
Predictability	• The Remuneration Policy outlines the threshold, target and maximum levels of pay that Executive Directors can earn in any given year over the three-year life of the approved Remuneration Policy. Actual incentive outcomes vary depending upon the level of performance against various measures, with performance against targets normally disclosed in the Annual Report on Remuneration each year. Areas over which the Committee can exercise discretion are clearly outlined in the proposed Directors Remuneration Policy as set out from pages 114 to 121.
Proportionality	• The Committee is satisfied that the Remuneration Policy does not reward poor performance. Payment of the annual bonus and PSP is subject to the achievement of stretching performance targets, which are clearly linked to the Group's strategy. • Both the Committee and Executive Directors are cognisant of the pay and conditions for the wider workforce, and this is taken into account when considering Executive remuneration. Feedback and related questions from our workforce are provided to the Workforce Engagement Director during her annual engagement process. • Additionally, the Committee retains the discretion to adjust formulaic outcomes under the annual bonus and/or PSP should it consider that the outcome is not aligned to the underlying performance of the Company or individual.
Alignment to culture	• The performance measures that are used for the annual bonus and PSP are clearly linked to delivery of the Group's Strategic Priorities. In addition, 20 per cent of the annual bonus is based on achievement against non-financial strategic targets, which ensures both financial and non-financial strategic goals are considered. As set out in the Chair's letter on page 110, the Committee believes that the remuneration structure is simple, straightforward and transparent, reflecting Computacenter's Winning Together Values (especially 'Considering the Long-Term' and 'Understanding People Matter').

Directors' Remuneration report continued

COMPUTACENTER'S REMUNERATION POLICY

This section is the Group's Remuneration Policy (the Policy), as reviewed and approved by the Board. As required, it complies with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).

It is intended that the Policy will be put before shareholders for approval by way of a binding vote at the Company's AGM on 17 May 2023. If approved by shareholders, the Policy will have effect immediately thereafter. Until such approval, the Company's existing Remuneration Policy will continue to apply.

Summary of decision-making process and changes to policy

In determining the new Remuneration Policy, the Committee followed a robust process which included discussions on the content of the Policy at three Remuneration Committee meetings. The Committee considered input from Management and our independent advisors, and sought the views of Computacenter's major shareholders. The Committee also assessed the Policy against the principles of clarity, simplicity, risk management, predictability, proportionality and alignment to culture. Further information on the Committee's decision-making process is set out in the Annual Remuneration report.

The Committee is of the view that the current remuneration framework has worked as intended, with strong alignment between pay and performance, and remains aligned to Computacenter's remuneration philosophy and business strategy, as well as best practice. As such, there are no substantive changes to the Policy. Minor changes have been made to the Policy to clarify its intentions.

Policy table

Base salary	
Purpose and link to strategy	Supports the recruitment and retention of Executives of the calibre required to deliver the Group's strategy.
Operation	Base salaries are paid in cash and reflect an individual's responsibilities, performance, skills and experience. Normally reviewed annually with any changes typically effective on 1 January, taking into account the factors above and the level of pay settlements across Computacenter Group, the performance of the business and general market conditions. Salary levels at other organisations of a similar size, complexity and business orientation will be reviewed for guidance. A review may not necessarily result in an increase in base salary. An exceptional review may take place to reflect a change in the scale or scope of a Director's role, for example (but not limited to) a major acquisition. Salaries in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration.
Maximum opportunity	There is no prescribed maximum base salary or maximum annual increase. Ordinarily any salary increase will not exceed our standard approach to increases for other employees in the Group. Higher increases may be considered in certain circumstances as required, for example, to reflect: • an increase in scope of role or responsibility; • performance in role; or • an Executive Director being moved to appropriate market positioning over time.
Performance measures	Individual and business performance are taken into consideration when deciding salary levels.

Annual bonus	
Purpose and link to strategy	To incentivise the delivery of annual, short-term, stretching financial and normally also non-financial objectives. To align pay costs to affordability and the value delivered to shareholders.
Operation	Performance measures and targets are set at the beginning of each financial year. Performance is normally assessed over one financial year. Normally, 50 per cent will be paid in cash and 50 per cent will be deferred into Computacenter shares, with half the shares payable after one year and the remaining half after two years, unless the Committee determines otherwise. Deferred awards will normally be granted under the Deferred Bonus Plan. Deferred awards will usually include the right to receive dividend equivalents in respect of dividends paid, calculated on such basis as the Committee determines. Malus and clawback provisions will apply, as set out in the notes to this table. The Committee has discretion to vary bonus payments downwards or upwards in appropriate circumstances, including if it considers the outcome would not be a fair and complete reflection of performance. To the extent that this discretion is exercised, this will be disclosed in the relevant Directors' Remuneration report.

Maximum opportunity	The maximum annual bonus opportunity in respect of any financial year is 150 per cent of base salary. Bonus opportunities in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration.
Performance measures	Normally, the majority of the bonus will be based on financial measures and the remainder on non-financial measures. Financial measures may include profitability, cost management, cash management and other appropriate measures. Non-financial targets will be targets set by the Committee, including the delivery of our strategy and/or the Executive Directors' personal objectives for the year. Targets are usually reviewed and approved annually by the Committee, to ensure that they are stretching and adequately reflect the strategic aims of the Group. The Committee determines the threshold and target payout levels each year, taking into account the level of stretch in the targets set. The level of overall bonus award which is payable for threshold performance will not normally exceed 30 per cent of the maximum opportunity.

Performance Share Plan (PSP)	
Purpose and link to strategy	To align the interests of Executive Directors and shareholders. To incentivise the achievement of longer-term profitability and returns to shareholders, and growth of earnings in a stable and sustainable manner.
Operation	Awards of nil-cost options (or equivalent) which are granted on a discretionary basis and will normally vest subject to performance and continued employment at the end of a performance period which is usually at least three years. PSP awards will normally be subject to a two-year holding period following vesting. The shares held during the holding period will include the right to receive dividend equivalents on the vested shares in respect of dividends paid over the period from the end of the performance period to the date on which the Executive Director is first able to acquire shares pursuant to the award, calculated on such basis as the Committee determines. The Committee normally reviews the performance criteria, targets and weightings prior to each grant in line with business priorities, to ensure they are challenging and fair. The Committee has discretion to vary the percentage of awards vesting downwards or upwards in appropriate circumstances, including if it considers that the outcome would otherwise not be a fair and complete reflection of performance over the performance period. Awards are subject to malus and clawback provisions, as set out in the notes to this table.
Maximum opportunity	The maximum opportunity under the PSP in respect of any financial year is 200 per cent of annual base salary or 400 per cent of annual base salary in exceptional circumstances, in line with the current PSP Plan Rules as approved by shareholders. The face value of awards in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration. For achievement of a threshold performance level (which is the minimum level of performance that results in any part of an award vesting), no more than 25 per cent of the award will vest.
Performance measures	Earnings per share is currently the primary measure for our Performance Share Plan, but the Committee may exercise its discretion to introduce additional or alternative measures which are aligned to the delivery of the business strategy. Details of the performance conditions applied to awards granted in the year under review and to be granted in the forthcoming year are set out in the Annual Remuneration report for the relevant year.

Directors' Remuneration report continued

Retirement benefits

Purpose	To provide an income for retirement.
Operation	No special arrangements are made for Executive Directors, who are entitled to become members of the Group's defined contribution pension scheme, which is open to all UK employees, or the pension plan relevant to the country where they are employed if different. If the Executive Director so chooses, he/she may take some or all of the pension contribution as a cash alternative, which will be the same percentage of salary as the pension contribution foregone.
Maximum opportunity	The maximum pension contribution or allowance for Executive Directors will be in line with that available to UK employees or to participants in the pension plan in the relevant country. For UK employees, this is currently five per cent of salary.
Performance measures	N/A

Other benefits

Purpose and link to strategy	To provide a competitive level of employment benefits.
Operation	No special arrangements are generally made for Executive Directors. Benefits currently include (but are not limited to): • a car benefit appropriate for the role performed; • participation in the Company's private health and long-term sickness schemes; • life insurance and income continuance schemes; and • participation in all-employee share plans, on the same basis as other eligible employees. If new benefits are introduced for a wider employee group, the Executive Directors shall be entitled to participate on the same basis as other eligible employees. If, in the opinion of the Committee, a Director must relocate to undertake and properly fulfil his/her executive duties, relocation benefits may be provided, which may include a cash payment to cover reasonable expenses. Reimbursed expenses may include a gross-up to reflect any tax due in respect of the reimbursement.
Maximum opportunity	There is no maximum level of benefits provided to an individual Executive Director, as the cost of benefits is dependent upon costs in the relevant market. Benefits will be set at levels which are competitive, but not excessive. Participation by Executive Directors in any all-employee share plan operated by the Company, is limited to the maximum award levels permitted by the plan rules from time to time and, in the case of any UK tax qualifying plan, the limits prescribed by the relevant tax legislation.
Performance measures	N/A

Chairman and Non-Executive Director fees	
Purpose and link to strategy	To ensure that the Group is able to attract and retain experienced and skilled Non-Executive Directors.
Operation	Fee levels are determined with reference to the scope of responsibilities and the amount of time that is expected to be devoted during the year and taking into account the fee levels paid by other companies of similar size and complexity. No individual is involved in the process of setting his/her own remuneration. Fee levels may be reviewed annually. They may also be increased on an ongoing or temporary or ad hoc basis, to take into account changes in the working of the Board and/or changes in responsibilities. The Chairman of the Board receives a fixed fee. Other Non-Executive Directors receive a basic fee and additional fees are payable for the Chairmanship of the Board's Committees and for the additional responsibility of being the Senior Independent Director and may also be paid to other Non-Executive Directors to reflect additional time commitments and responsibilities. Fees are normally paid in cash. Travel expenses, hotel costs and other benefits related to the performance of the role, including any tax due, are also paid where necessary. Fees in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration. Non-Executive Directors do not participate in any of the Group's incentive arrangements or share schemes and are not eligible for pension or other benefits.
Maximum opportunity	Maximum in line with the Company's Articles of Association.
Performance measures	N/A

Share ownership guidelines for Executive Directors	
Purpose and link to strategy	To strengthen alignment between Executives and shareholders.
Operation	Levels are set in relation to annual base salary, and are normally required to be built over a five-year period. The Committee retains discretion to vary this period on an individual basis, if it believes that it is fair and reasonable to do so. Options which have vested unconditionally, but are as yet unexercised, and shares subject to deferred bonus awards and PSP awards which are in the holding period but which are no longer subject to performance conditions, will be included on a net of tax basis, for the purposes of calculating shareholdings, as will shares held by an Executive's spouse or dependents. Post-cessation of employment, Executive Directors are also expected to remain aligned with the interests of shareholders for an extended period after leaving the Company, other than in exceptional circumstances. Details of the application of this policy are set out in the Annual Report on Remuneration. The Committee will regularly review the shareholding guidelines. It has discretion to disapply or reduce the share ownership guidelines in extenuating circumstances, for example in compassionate circumstances.
Maximum opportunity	There is no maximum, but minimum levels have been set at 200 per cent of base salary for both the current CEO and FD. Non-Executive Directors are not required to hold shares in the Company. Executive Directors who have not yet met their shareholding requirement will normally be expected to retain at least 50 per cent of any deferred bonus awards and PSP awards which vest (net of tax) until such time as this level of holding is met.
Performance measures	N/A

Directors' Remuneration report continued

Malus and clawback

Malus and clawback provisions apply to the annual bonus and Performance Share Plan. For awards paid or granted in respect of 2020 onwards, the provisions are set out below.

Malus and/or clawback may apply to annual bonus awards, including deferred awards for a period of two years and to Performance Share Plan awards in the period up to the fifth anniversary of grant, in the event of:

- a material misstatement of results;
- gross or serious misconduct;
- an error or misstatement which has resulted in a material overpayment to the participants;
- a significant failure of risk management within the Company or any Group Member;
- significant reputational damage to the Company or any Group Member;
- the participant leaving in circumstances which, had all the facts been known, would have resulted in the award lapsing; or
- any other circumstances that the Committee, in its discretion, considers to be similar in nature or effect to those above.

The malus and clawback provisions that apply to awards prior to the dates set out above are in line with the relevant policy in force at the time the awards were made.

Explanation of performance measures

The performance measures in respect of variable remuneration included in the Policy are based on a combination of financial and strategic measures, with an emphasis on the financial performance of the Group, and therefore to the value that the business delivers to its shareholders. The Company is committed to long-term earnings per share growth through increased profitability and prudent use of cash generation, with a Services-led strategy. This commitment is reflected in the current measures used to motivate and incentivise our management team through the annual bonus and PSP. The Committee may make changes to the performance measures in future years to align them with the business strategy at that time.

The Committee usually reviews potential performance criteria and targets for the annual bonus and PSP annually, with further detail set out in the Annual Report on Remuneration.

Performance conditions applying to any award may be amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy.

Remuneration arrangements across the Group

When setting Executive remuneration, consideration is given to pay policies and employment conditions of employees of the Company and elsewhere in the Group.

The remuneration of employees across the Group is based on three fundamental principles. First, that it allows the Group to retain the level of talent necessary to implement the strategy as set by the CEO and Board. Second, that levels of remuneration should be sufficient to achieve this aim, but should never be higher than is necessary to do so. Finally, with limited exceptions, the more significant the ability of an employee to influence the Company's financial results through their individual performance, the higher the proportion of their remuneration should be performance based.

The level and design of variable pay takes into account the need to avoid incentivising the Group's employees to act in a manner that is inconsistent with the Group's risk appetite, as set by the Board.

Consistent with the policy for Executive Directors, where annual bonuses are in place across the Group, they are currently linked to business performance with a focus on underlying Group or divisional profit and other relevant metrics.

Whilst only Executive Directors and senior executives participate in the PSP, other employees can participate in the Company's all-employee share schemes which are designed to incentivise participants to build a shareholding in the Company, thus aligning their interests with those of the Group's shareholders. This plan is not subject to performance conditions, but requires the employee to remain employed at the end of the term of the scheme which they have joined.

In line with local country practices, all employees are encouraged to contribute appropriate savings toward their retirement. In the UK, the Company operates pension arrangements within the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010.

Whilst the Company does not feel it appropriate to consult directly with employees when drawing up the Directors' Remuneration Policy, the Committee has considered any feedback received via employee engagement surveys and from the regular meetings the CEO and Chief People Officer conduct with employee representative bodies in each of our major geographies.

The Remuneration Committee Chair, Ros Rivaz, was appointed as the Designated Non-Executive Director on 9 November 2017 to facilitate engagement with the wider workforce, to assist the Board in understanding the views of Computacenter's employees. This involves attending Works Council meetings and other employee events, and feeding back the views raised by employees to the Board. These events have provided a valuable opportunity for employees to share their views freely on a range of topics and Ros welcomed questions on a broad range of topics including remuneration. Further information on the role and the activities of the Designated Non-Executive Director is on page 71.

Statement of consideration of shareholders' views

The Remuneration Committee takes the views of shareholders seriously when making any changes to Executive remuneration arrangements. It continues to welcome shareholders' views on Executive remuneration.

The Group consulted with its major shareholders during the second half of 2022 on the proposed Policy and welcomed the feedback received, which was supportive of the Committee's approach to this Policy.

Approach to recruitment remuneration

When hiring a new Executive Director or promoting to the Board from within the Group, the Committee will offer a package that is sufficient to attract, retain and motivate the right talent, whilst at all times aiming to pay no more than is necessary.

Each component will be subject to the limits as specified in the Policy table above, save for amounts payable in respect of elements forfeited on cessation with the Executive Director's former employer (set out below).

In determining an appropriate remuneration package, the Committee will take into consideration all relevant factors including, but not limited to, the candidate's location, skills and experience, external market influences and internal pay relativities.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at below market level, on the basis that it may progress towards the market level once expertise and performance have been proven and sustained.

In order to facilitate recruitment, the Committee may offer additional cash and/or share-based elements in respect of any incentive or deferred pay awards forfeited by an Executive Director as a result of the termination of their former position, including utilising Listing Rule 9.4.2 if necessary. The Committee would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of form of award, time horizons, value and performance conditions. For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. For external and internal appointments, the Committee may agree that certain incidental expenses will be met as appropriate.

Where a newly appointed Executive Director is required to relocate, the Group may pay the costs of relocation including, but not limited to, housing, travel, taxation advice, shipping costs and education for dependents. Additionally, any Executive Director based outside of the UK will be eligible to participate in insurance and other benefits, in line with local practice. Other elements may be included in the following circumstances: (i) an interim appointment being made to fill an Executive Director role on a short-term basis; and (ii) if exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis.

Any awards made on recruitment may be subject to such malus and clawback provisions that the Remuneration Committee deems to be appropriate.

Service contracts

The Directors' service contracts and letters of appointment are available for inspection at our registered office during normal hours of business and will also be available at our AGM to be held on 17 May 2023. Details of the duration of the Directors' service contracts are set out on page 130.

Executive Directors

The current Executive Directors each have a service contract with the Company which provides for a notice period of up to 12 months from either party. It is intended that this policy would also apply to new appointments of Executive Directors.

With the consent of the Board, where an appointment can enhance an individual Executive Director's experience and add value to the Company, Executive Directors are able to accept non-executive appointments outside the Company. Retention of any fees received by the Executive Director is at the discretion of the Committee.

Non-Executive Directors

Non-Executive Directors are appointed pursuant to a letter of appointment for an initial period which is normally three years, which may be subject to renewal thereafter. Appointments may be terminated by either the Company or the Non-Executive Director usually giving three months' notice. Save in respect of retirement by rotation, a Non-Executive Director being removed from office may receive an amount equal to the fee during any remaining notice period.

Loss of office payments

We are committed to ensuring a consistent approach, so that we do not pay more than is necessary in circumstances of loss of office. In the event of an early termination of a contract, the aim is to seek to minimise any liability. If an Executive Director's employment is terminated, any compensation arrangements will not normally exceed those set out in their service contract and the rules of the relevant incentive plans.

When managing such situations, the Committee takes a range of factors into account including, but not limited to, contractual obligations, shareholder interests, organisational stability and the need to ensure an effective handover.

In the normal course of events, an Executive Director will work their contractual notice period and receive usual salary payments and benefits during this time. In the event of a termination where Computacenter requests that the Executive Director ceases work immediately, a payment in lieu of notice may be made that is equal to fixed pay, pension entitlements and other benefits. Payments may be made on a phased basis and may be subject to mitigation. Alternatively, an Executive Director may be placed on garden leave for the duration of some or all of their notice period. Where an Executive Director leaves during a financial year, an annual bonus may be payable with respect to the period of the financial year worked to the extent that they are determined to be a good leaver by the Committee, although it will be pro-rated for time and normally paid at the normal payment date(s).

In the event of termination for cause (e.g. gross misconduct or negligence), neither notice nor a payment in lieu of notice would be given and the Executive Director would cease to perform services immediately.

Any share-based entitlements granted to an Executive Director under our share plans will be determined based on the relevant plan rules. The default treatment is that any unvested awards lapse on cessation of employment during the relevant performance or deferral period. However, in certain prescribed circumstances, such as ill-health, injury, disability, redundancy, retirement (for all Deferred Bonus Plan (DBP) awards and for PSP awards made prior to March 2019), sale of the employing company or business outside the Group, or any other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest on their normal vesting date, and for awards made under the PSP be subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the performance period actually served. The Committee may allow awards to vest at the time of cessation on the basis outlined above. PSP awards will typically remain subject to the holding period and will be released at the end of it, although the Committee has discretion to release the awards at the date of cessation or at some other time after cessation but before the end of the holding period.

PSP awards which are subject only to the holding period following vesting will lapse in the event of cessation of employment for cause (e.g. gross misconduct or negligence).

In the event of the death of an Executive Director, awards vest at cessation with no performance assessment. In such circumstances, unless the Committee determines otherwise, awards will be reduced pro-rata to reflect the proportion of the performance period actually served.

In the event of a takeover or winding-up of Computacenter which is not part of an internal reorganisation of the Group, awards may also vest to the extent determined by the Committee, taking into account the period that has elapsed since the awards were granted, and the performance achieved against any applicable performance targets. Early vesting may also be permitted on the same basis in the event of a demerger or other transaction which, in the Committee's opinion, would affect the value of awards. Share plan awards may be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

Directors’ Remuneration report continued

Where the Executive Director participates in one or more of the Company’s all-employee share schemes, awards may vest upon termination or in the event of a takeover or other relevant event, in accordance with applicable scheme rules.

As is consistent with market practice, we may pay a sum equivalent to any unused annual leave and a contribution towards an Executive Director’s legal fees for entering into a statutory agreement and may pay a contribution towards fees for outplacement services or repatriation, as part of a negotiated settlement.

There are no agreements currently in place between the Company and any of its Directors providing for additional compensation for loss of office or employment, other than as disclosed in this report.

In any event, the Committee will not sanction rewards for failure and will seek to mitigate any termination payments where possible.

Exceptions to the Policy

The Policy, as set out in this report, comprises the full suite of possible components for the remuneration of Directors at Computacenter.

Notwithstanding the restrictions laid out in the Policy, where the Company has made a commitment to a Director which:

- was in accordance with the prevailing remuneration policy at the time that the commitment was made; and/or
- was made before the Director became a Director and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of Computacenter

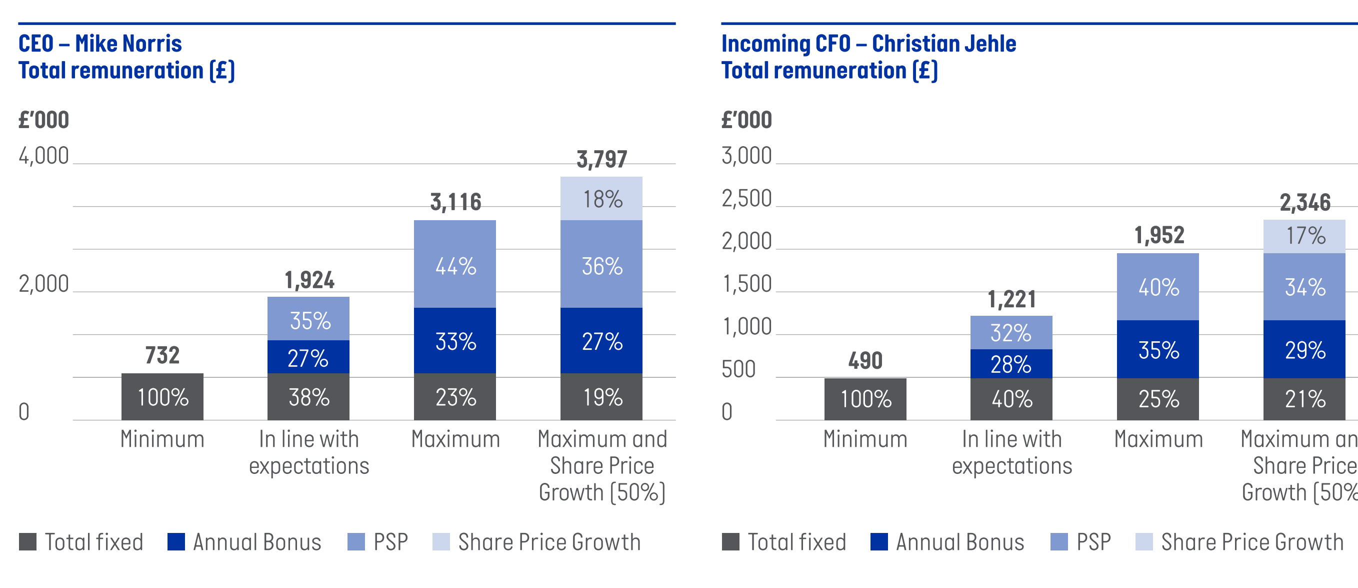
the Company will continue to give effect to it, even if it is inconsistent with the Remuneration Policy of the Company which is in effect at that time.

Earlier remuneration policies of the Company will continue to apply in relation to awards granted under any company PSP and options granted under the Company’s all-employee Sharesave Scheme, prior to the approval of the Policy, as these may be granted under one policy and vest or be exercised under a later one. Details of these previous commitments are included within previous Computacenter Annual Reports which are available at investors.computacenter.com

The Committee may make minor amendments to the Policy set out above for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation, without obtaining shareholder approval for such amendments.

The charts on page 121 show the level of remuneration that is projected to be received by the Directors in accordance with the Policy in 2023. The charts opposite show four outcome scenarios: (a) Minimum receivable pay; (b) Remuneration for performance in line with expectations; (c) Maximum remuneration achievable; and (d) Maximum remuneration achievable with, in the case of the PSP, the additional impact of share price appreciation of 50 per cent over the three-year performance period.

Executive Director remuneration scenarios



In developing the scenarios, the following assumptions have been made:

Minimum pay receivable

- Only total fixed pay is received (i.e. base salary, benefits and pension), and there is no vesting of any of Computacenter's variable pay schemes;
- Salary is the salary that applies in 2023;
- Benefits reflect the actual 2022 benefits received by the Chief Executive Officer and Group Finance Director roles; and
- Pension is measured by applying a cash in lieu rate against salary in 2023.

In line with expectations

This is based on what an Executive Director would receive if performance was in line with the Company's expectations, which would result in the following scenario:

- Fixed pay is received;
- Annual bonus pays out at 50 per cent of total potential bonus award; and
- PSP award pays out at 50 per cent of maximum.

Maximum

This is based on what an Executive Director would receive assuming that the variable pay awards set out above pay out in full (i.e. a bonus of 150 per cent of base salary and a PSP award with a face value of 200 per cent of base salary for the CEO; and a bonus of 150 per cent of base salary and a PSP award with a face value of 175 per cent of base salary for the incoming CFO).

Maximum with additional share price appreciation impact

This is based on the same assumptions as the 'Maximum' scenario, with the additional impact of share price appreciation of 50 per cent over the three-year performance period applied to the PSP awards.

The impact of share price appreciation has not been taken into account in any of the other three scenarios.

Directors' Remuneration report continued

ANNUAL REPORT ON REMUNERATION

Responsibilities of the Remuneration Committee

The key responsibilities of the Remuneration Committee are to determine on behalf of the Board:

- the Company's general policy on Executive remuneration; and
- the specific remuneration packages of the Executive Directors, the Chair of the Board and senior Executives of the Group including, but not limited to, base salary, pension, annual performance-related bonuses and PSP awards.

The fees of the Non-Executive Directors are determined by the Chair and the Executive Directors. All Directors are subject to the overriding principle that no person shall be involved in the process of determining his or her own remuneration.

The full responsibilities of the Committee are contained within its Terms of Reference, which are available on our website at investors.computacenter.com.

Current members	Role	Attendance record
1. Ros Rivaz	Senior Independent Director	6/6
2. Peter Ryan	Non-Executive Chair of the Board	6/6
3. Pauline Campbell	Non-Executive Director	6/6
4. René Carayol*	Non-Executive Director	1/1
5. Ljiljana Mitic	Non-Executive Director	6/6
Former member		
6. Rene Haas**	Non-Executive Director	2/5

* René Carayol was appointed to the Board and the Committee on 1 November 2022.

** Rene Haas stepped down as a Non-Executive Director of the Company on 1 December 2022.

Membership and attendance

The Remuneration Committee is made up of independent Non-Executive Directors and the Chair of the Board, who was considered to be independent on appointment. Details of the membership of the Committee and attendance of the members at Committee meetings during the year, are provided above.

The CEO attends meetings by invitation, as does the Chief People Officer. The Company Secretary is the secretary to the Committee.

The principal advisor to the Committee is Deloitte LLP (Deloitte), which was selected by the Committee in September 2016 by way of a tender process.

The total fees paid to Deloitte in relation to advice to the Committee in 2022 were £134,450. The Committee considers the advice that it receives from Deloitte LLP to be independent. During the year, Deloitte also provided consulting, tax and share plan advice to the Company. Deloitte is a founding member of the Remuneration Consultants Group and, as such, voluntarily adheres to its Code of Conduct.

Directors' information

The following pages illustrate how we have applied our Remuneration Policy during 2022, and describes all elements of remuneration received by our Directors.

Audited information

The audited tables and related notes are identified within this report, using A key.

Single figure of total remuneration

The total amount paid by the Company to each of the Directors, in respect of the financial years ended 31 December 2022 and 2021, is set out in the tables that follow.

Year ended 31 December 2022

	Salary or fees £'000	Benefits £'000	Pension £'000	Total fixed pay £'000	Annual bonus £'000	PSP awards £'000	Total variable pay £'000	Total £'000
Executive								
Mike Norris	650.0	16.5[1]	28.4	694.9	271.5	2,155.2[2]	2,426.7	3,121.6
Tony Conophy	381.2	17.0[1]	16.6	414.8	123.2	1,221.8[2]	1,345.0	1,759.8
Non-Executive								
Peter Ryan	220.0	–	–	220.0	–	–	–	220.0
Pauline Campbell	76.4	–	–	76.4	–	–	–	76.4
René Carayol[4]	9.6	–	–	9.6	–	–	–	9.6
Rene Haas[5]	52.8	–	–	52.8	–	–	–	52.8
Philip Hulme	52.4	–	–	52.4	–	–	–	52.4
Ljiljana Mitic	57.6	–	–	57.6	–	–	–	57.6
Peter Ogden	52.4	–	–	52.4	–	–	–	52.4
Ros Rivaz	76.4	–	–	76.4	–	–	–	76.4
Total (£'000)	1,628.8	33.5	45.0	1,707.3	394.7	3,377.0	3,771.7	5,479.0

Year ended 31 December 2021

	Salary or fees £'000	Benefits £'000	Pension £'000	Total fixed pay £'000	Annual bonus £'000	PSP awards £'000	Total variable pay £'000	Total £'000
Executive								
Mike Norris	573.0	8.1[1]	25.2	606.3	825.1	2,653.1[6]	3,478.2	4,084.5
Tony Conophy	371.2	16.2[1]	16.3	403.7	441.7	1,504.6[6]	1,946.3	2,350.0
Non-Executive								
Peter Ryan	214.2	–	–	214.2	–	–	–	214.2
Pauline Campbell[3]	25.8	–	–	25.8	–	–	–	25.8
Rene Haas	56.1	–	–	56.1	–	–	–	56.1
Philip Hulme	51.0	–	–	51.0	–	–	–	51.0
Ljiljana Mitic	56.1	–	–	56.1	–	–	–	56.1
Peter Ogden	51.0	–	–	51.0	–	–	–	51.0
Minnow Powell[7]	55.8	–	–	55.8	–	–	–	55.8
Ros Rivaz	74.5	–	–	74.5	–	–	–	74.5
Total (£'000)	1,528.7	24.3	41.5	1,594.5	1,266.8	4,157.7	5,424.5	7,019.0

1 The benefits figure represents the taxable benefit arising from cash allowances paid in lieu of the provision of company car and other travel-related benefits.

2. This relates to the 2020 PSP awards that vested in March 2023 and which had a performance period of 1 January 2020 to 31 December 2022. The relevant performance criteria were fully achieved and therefore 100 per cent of the award vested for each of the Executive Directors. This calculation is based upon the average value of a Computacenter plc share over the last quarter of 2022 being £19.42. The PSP value attributable to share price growth since the awards were granted is £1,053,000 and £597,000 for the CEO and FD respectively. The Committee did not exercise its discretion to change the value of awards vesting based on the share price appreciation or depreciation during the period.

3. Pauline Campbell was appointed to the Board on 16 August 2021, and assumed the Chair of the Audit Committee on 30 September 2021.

4. René Carayol was appointed to the Board on 1 November 2022.

5. Rene Haas stepped down from the Board on 1 December 2022.

6. The value of the 2019 PSP awards has been updated to reflect the actual share price at vesting on 21 March 2022 of £29.28.

7. Minnow Powell stepped down from the Board on 30 September 2021.

REMUNERATION PAID IN 2022: EXECUTIVE DIRECTORS

2022 base salary

The Company provides competitive salaries to reflect individual responsibilities, performance, skills and experience which supports the recruitment and retention of executives of the calibre required to deliver the Group's strategy. Following a consultation exercise with shareholders, and as highlighted in last year's Annual Report on Remuneration, the annual salary of the CEO was increased in 2022 to £650,000, effective 1 January 2022. The salary of the FD was increased by 2.6 per cent to £381,200.

2022 annual bonus

The annual bonus incentivises the delivery of annual, short-term, stretching financial and non-financial objectives. The maximum bonus opportunity in 2022 was 150 per cent of base salary for the CEO and 125 per cent of base salary for the FD. Half of the bonus will be deferred into Computacenter shares, with half payable after one year and half payable after two years.

The 2022 annual bonus opportunity was driven by the financial performance of the business and individual targets for each Director. For the year ended 31 December 2022, 80 per cent of this award was conditional on the achievement of criteria linked to the financial performance of the Group. These targets were set by the Committee with reference to the Group's strategic and financial plans, as approved by the Board. The non-financial personal objectives set for the Executive Directors were based principally on delivery against the Group's strategic priorities, integration of acquisitions and certain people-related objectives, including progress on diversity and inclusion. The Committee is comfortable with the level of pay-out under the personal objectives given the very strong individual and strategic performance during the year, further detail of which is set out in the following table, and the fact that the profit threshold was exceeded in the year.

Supporting context for the 2022 annual bonus outcomes is provided in the Remuneration Committee Chair's letter on page 110.

Directors' Remuneration report continued

The table below sets out details of the annual bonus criteria which applied for the Executive Directors for 2022 and the performance delivered:

Measure	As a percentage of maximum bonus opportunity	Performance required: Threshold	Target	Stretch	Maximum	Actual % achieved: CEO	FD	Payout £'000: CEO	FD
Financial criteria									
Profit before tax (£m)	**50%**	251.7	259.6	267.5	280.9	253.2[1]		115.5	56.5
Percentage payout		10%	20%	35%	50%	11.85%			
Services contribution growth (£m)	**10%**	324.3	342.3	360.3	360.3	315.9		0.0	0.0
Percentage payout		5%	7.5%	10%	10%	0%			
Cash balance (£m)	**10%**	183.2	213.7	244.2	244.2	115.4		0.0	0.0
Percentage payout		5%	7.5%	10%	10%	0%			
Costs 2022 (%)	**5%**	36.5%	36.9%	37.2%	37.2%	35.1%[2]		0.0	0.0
Percentage payout		3%	4%	5%	5%	0%			
Costs 2023 (%)	**5%**	37.0%	37.4%	37.8%	37.8%	34.1%[3]		0.0	0.0
Percentage payout		3%	4%	5%	5%	0%			
Non-financial criteria									
Personal objectives	**20%**	0%	7.5%	15%	20%	16%	14%	156.0	66.7
Total	**100%**	26%	50.5%	80%	100%	27.85%	25.85%	271.5	123.2

1. Profit before tax represents Group adjusted[1] profit before tax on a currency adjusted basis excluding the results of the entities acquired during the year which were not included in the targets.
2. The measure represents the actual percentage of gross profit retained as adjusted[1] operating profit, after costs, within the core UK, German and French geographies for 2022.
3. The measure represents the targeted percentage of gross profit to be retained as adjusted[1] operating profit, after costs, within the core UK, German and French geographies for 2023, in accordance with longer-term cost reduction and margin improvement objectives.

The personal objectives for the Executive Directors are subject to a profit performance underpin and are related to the following:

Objectives	Progress in the year
CEO	
Continue to drive the agenda for a diverse and inclusive workforce	Female representation in Group leadership has increased by 8.7 per cent since 2020. Over 37 per cent of all external hires for manager roles and 57 per cent of our most senior leadership hires in 2022 have been female. We are on track to meet our corporate objective of a 25 per cent female mix for our senior leadership job levels across the Group and 30 per cent for our whole employee base. We continue to implement other programmes which underpin our commitment to inclusion and diversity across the Group, driven through our Employee Impact Groups and focusing on engagement, education, career development and social outreach.
Drive the next phase of integration of recent acquisitions in North America, and ensure that performance is in line with Group expectations for the region	Computacenter has made good progress in implementing Group standards, policies and processes including across HR, Finance and administration, and in creating a single strong North America organisation from our recent acquisitions there. Progress against both objectives has been underpinned by the development and delivery of supporting Information systems. Ongoing programmes are in place to drive cultural alignment and embed Computacenter values. The 2022 financial performance for North America was in line with Group expectations.
Increasing our competitiveness in Services	The Group has continued its drive for competitive offerings to take to market that are relevant and offer value to our customers, leveraging Professional Services engagements. The success rate for wins and renewals improved year-on-year, and we continued to grow the percentage of services delivered from offshore locations. There has been progress in the drive for service productivity using systems and automation to improve service revenue per head.
Effective execution of the Information Systems roadmap	Significant progress has been made against the systems roadmap for upgrades and changes to core systems in 2022. These changes ensure that our systems and tools align to offer simplicity of use, enhanced productivity and better customer outcomes in terms of effectiveness for technology delivery, which will be key to our competitiveness over the next five years.
Succession planning and organisational design	2022 was a year of material progress for the planning and execution of the succession plans for the senior team, including the successful CFO appointment. There has been continuing assessment of and adjustments to organisational design to optimise the operating structure, utilising executive skills and capitalising on growth opportunities.

Objectives	Progress in the year
FD	
Continue to drive the agenda for a diverse and inclusive workforce	Female representation in Group leadership has increased by 8.7 per cent since 2020. Over 37 per cent of all external hires for manager roles and 57 per cent of our most senior leadership hires in 2022 have been female. We are on track to meet our corporate objective of a 25 per cent female mix for our senior leadership job levels across the Group and 30 per cent for our whole employee base. We continue to implement other programmes which underpin our commitment to inclusion and diversity across the Group, driven through our Employee Impact Groups and focusing on engagement, education, career development and social outreach.
Drive the next phase of Group ERP systems in North America	Further progress has been made in implementing Group ERP systems across the North America business, despite some delays caused by functionality and necessary enhancements identified during the year. The North America systems roadmap continues to evolve and be delivered, to align to Group systems.
Further develop climate change impact initiatives and reporting, including environmental impact for our operations, facilities and vehicles	Submission to SBTi made for Scope 1,2 and 3 emissions. Improvement in the Group CDP score for 2022 against those achieved for 2021 and 2020. Computacenter became carbon neutral for Scope 1 and 2 emissions in 2022, and saw a further significant reduction in those emissions during the year. Further detail can be found on pages 46 to 49.
Ensure a focus on cash	Analysis has been undertaken to assess distributable reserves in all material entities. However, this has been a challenging year due to inventory and debtor challenges.
Continue to optimise property space, costs and improve utility in the world of hybrid working	Ongoing review of physical office space requirements which has resulted in office closures or space reductions in a number of locations in the UK, US, Germany and France, in line with our location strategy.
Succession planning, investor relations strategy and organisational design	Individual committee responsibilities and other responsibilities were effectively transitioned to other Group Executive members. Assistance in the successful appointment of the new CFO. There has been an increase in reporting and information provision to the Group Executive members has expanded, although this continues to be an area of focus. Proposed new Group Auditor to be put forward for shareholder approval at the Company's 2023 AGM, following a comprehensive formal tender process.

PSP

PSP awards incentivise the achievement of long-term profitability and returns to shareholders, and growth of earnings in a suitable and sustainable manner. The PSP awards granted to Executive Directors with a performance period ending on 31 December 2022 vested at 100 per cent, pursuant to the 2020 PSP Scheme, as the relevant performance criteria were fully achieved. The vested awards are subject to a two-year holding period before release to the Executive Directors.

Vesting of these awards to each Executive Director was dependent upon the achievement of the following performance measures over a three-year period:

The compound annual growth rate of the Group's adjusted[1] diluted earnings per share (EPS) – 70 per cent weighting	
Performance level*	**Adjusted[1] diluted EPS growth CAGR**
Maximum (100 per cent vesting)	12.50%
In line with expectations (50 per cent vesting)	8.33%
Threshold (10 per cent vesting)	5.00%

* Vesting occurs on a straight-line basis in between these thresholds.

The EPS number used for the base year of this award (i.e. EPS in 2019) is consistent with the EPS number that was used to calculate the vesting of the 2017–2019 PSP. On this basis, the growth in adjusted[1] diluted EPS during the period 1 January 2020 to 31 December 2022 was 22.42 per cent per annum. This resulted in 100 per cent of this element vesting.

Services revenue growth – 30 per cent weighting (measured on a constant currency[2] basis)	
Performance level*	**Services revenue growth CAGR**
Maximum (100 per cent vesting)	7.5%
In line with expectations (50 per cent vesting)	5.5%
Threshold (10 per cent vesting)	3.5%

* Vesting occurs on a straight-line basis in between these thresholds.

The Services revenue growth during the period 1 January 2020 to 31 December 2022 was 9.07 per cent per annum. This resulted in 100 per cent of this element vesting. As set out in the Annual Statement from the Chair of the Remuneration Committee on page 110, the Committee considered the PSP formulaic outturn in the context of wider Company performance and the wider stakeholder experience, and considers that the outcome is a fair reflection of performance over the performance period.

Directors' Remuneration report continued

REMUNERATION AWARDS GRANTED IN 2022: EXECUTIVE DIRECTORS

Share scheme interests awarded during the year

The table below details awards made during 2022 under the PSP scheme. The performance conditions for these awards are set out in more detail below. Any awards that vest will be subject to a two-year holding period.

	Scheme/type of award	Number of shares	Face value at time of grant	Performance conditions applied	Amount vesting related to threshold of performance: Threshold performance (% of face value)	Amount vesting related to threshold of performance: Maximum performance (% of face value)	Performance period set
CEO	PSP – nil cost option	39,368	£1,146,000[1]	Compound growth of Company EPS (70%)	10%	100%	Three financial years from 1 January 2022
				Compound growth of Services revenue (30%)	25%	100%	
FD	PSP – nil cost option	22,315	£649,600[1]	Compound growth of Company EPS (70%)	10%	100%	Three financial years from 1 January 2022
				Compound growth of Services revenue (30%)	25%	100%	

1. This is based on the average mid-market share price of Computacenter plc on the three immediately preceding business days from grant, being £29.11.

Vesting of these awards to each Executive Director will be dependent upon achieving the performance measures over a three-year period, as follows:

The compound annual growth rate of the Group's adjusted[1] diluted earnings per share (EPS) – 70 per cent weighting

Performance level*	Adjusted[1] diluted EPS growth CAGR
Maximum (100 per cent vesting)	12.5%
In line with expectations (50 per cent vesting)	8.33%
Threshold (10 per cent vesting)	5.0%

* Vesting occurs on a straight-line basis in between these thresholds. As disclosed last year, the base year of this award (i.e. EPS in 2021) will be consistent with the EPS number that was used to calculate the vesting of PSP awards granted for the performance period 2019 – 2021. As disclosed in the 2021 Annual Report and Accounts, the Committee considered the impact of one-off tax items and agreed that the disclosed unrepeatable nature of the tax benefit within the adjusted profit for the year had materially increased the adjusted diluted EPS in 2021, and should therefore be excluded from the assessment of performance. The 2021 adjusted diluted EPS figure used as the base to measure growth for these awards was 160.9 pence per share.

The compound annual growth rate of the Group's Services Revenue (GSR) (30 per cent weighting) measured on a constant currency[2] basis

Performance level*	Services revenue growth CAGR
Maximum (100 per cent vesting)	7.5%
In line with expectations (50 per cent vesting)	5.5%
Threshold (10 per cent vesting)	3.5%

* Vesting occurs on a straight-line basis in between these thresholds.

The table below details awards made during 2022 under the deferred bonus plan.

	Scheme/type of award	Number of shares	Face value	Vesting date
CEO	DBP[2] – Conditional Share	14,172	£412,560[1]	50% – 21 March 2023 50% – 21 March 2024
FD	DBP[2] – Conditional Share	7,587	£220,864[1]	50% – 21 March 2023 50% – 21 March 2024

1. This is based on the average mid-market share price of Computacenter plc on the three immediately preceding business days from grant, being £29.11.
2. These are not subject to any other performance conditions.

Executive Director outstanding share awards as at 31 December 2022

Directors' interests in share schemes

	Schemes	Note	Exercise/share price	Exercise period	At 1 January 2022	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2022
Mike Norris	Sharesave*	1	1011.0p	01/12/24 – 31/05/25	2,967	–	–	–	2,967
	PSP	3	Nil	21/03/23 – 20/03/28	62,147	–	–	–	62,147
	PSP	2,3	Nil	21/03/24 – 20/03/29	90,604	–	–	–	90,604
	PSP	3	Nil	23/03/25 – 22/03/30	110,977	–	–	–	110,977
	PSP	3	Nil	22/03/26 – 21/03/31	51,678	–	–	–	51,678
	PSP	3	Nil	22/03/27 – 22/03/32	0	39,368	–	–	39,368
	DBP	4	Nil	21/02/2022	23,785	–	23,785	–	–
	DBP	4	Nil	21/03/2023	7,752	–	–	–	7,752
	DBP	4	Nil	21/03/2023	–	7,086		–	7,086
	DBP	4	Nil	21/03/2024	–	7,086	–	–	7,086
Tony Conophy	Sharesave*	1	1054.0p	01/12/23 – 31/05/24	2,846	–	–	–	2,846
	PSP	3	Nil	22/03/20 – 21/03/27	65,260	–	–	–	65,260
	PSP	3	Nil	21/03/23 – 20/03/28	35,217	–	–	–	35,217
	PSP	2,3	Nil	21/03/24 – 20/03/29	51,384	–	–	–	51,384
	PSP	3	Nil	23/03/25 – 22/03/30	62,915	–	–	–	62,915
	PSP	3	Nil	22/03/26 – 21/03/31	29,287	–	–	–	29,287
	PSP	3	Nil	22/03/27 – 22/03/32	–	22,315	–	–	22,315
	DBP	4	Nil	21/03/2022	12,202	–	12,202	–	–
	DBP	4	Nil	21/03/2023	3,933	–	–	–	3,933
	DBP	4	Nil	21/03/2023	–	3,793	–	–	3,793
	DBP	4	Nil	21/03/2024	–	3,794	–	–	3,794

1. Issued under the rules of the Computacenter 2018 Sharesave Plan, which is available to employees and full-time Executive Directors of the Computacenter Group. Eligible employees can save between £5 and £500 a month to purchase options in shares in Computacenter plc at a price fixed at the beginning of the scheme term. There are no conditions relating to the performance of the Company for this scheme.
2. These awards vested during the year at 100 per cent, with 0 per cent of the shares under award lapsing.
3. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGMs held on 19 May 2015,18 May 2018 and 19 May 2022.

   (a) In respect of 70 per cent of the total award: 10 per cent of this portion of the award will vest if the compound annual EPS growth over the Performance Period equals five per cent per annum. If the compound annual EPS growth rate over the Performance Period is between five per cent and 8.33 per cent, this portion of the award will vest on a straight-line basis up to one-half. This portion of the award will vest in full if the compound annual EPS growth equals or exceeds 12.5 per cent per annum, with straight-line vesting between 50 per cent and 100 per cent.

   (b) In respect of 30 per cent of the total award: the award will start to vest if the compound annual Services revenue growth rate over the Performance Period equals 3.5 per cent. If the compound annual Services revenue growth rate over the Performance Period is 7.5 per cent, this portion of the award will vest in full. If the compound annual Services revenue growth rate over the period is between 3.5 per cent and 7.5 per cent, then this portion of the award will vest on a straight-line basis between 25 per cent and 100 per cent.

   PSP awards from 2018 onwards are subject to the two-year holding period.
4. Conditional shares issued under the terms of the Computacenter 2017 Deferred Bonus Plan. Awards vest in equal tranches on the first and second anniversary of the grant date.

* The Sharesave scheme only requires that an employee remains employed by the Group at the end of the term of the scheme. There are no performance conditions attached.

Director gains

PSP

Director	Date of vesting	Scheme	Number of shares	Exercise price	Market price at vesting	Notional gain made
Mike Norris	21/03/2022	PSP	90,604	Nil	£29.282	£2,653,094
Tony Conophy	21/03/2022	PSP	51,384	Nil	£29.282	£1,504,642

The closing market price of ordinary shares at 31 December 2022 (being the last trading day of 2022) was £19.11 (31 December 2021: £29.10).

The highest price during the year was £29.78 and the lowest was £18.10.

Directors' Remuneration report continued

Minimum shareholding requirements

In accordance with the Group's minimum shareholding guidelines, the Executive Directors are each required to build up a shareholding that is equal to 200 per cent of their gross salary. It is also expected that the Executive Director will achieve these levels within five years of appointment. For the purposes of these requirements, deferred bonuses, shares subjected to the holding period and options which have vested unconditionally, but are as yet unexercised, will be included on a net basis, for the purposes of calculating shareholdings, as will shares held by an Executive's spouse or dependents. There is no requirement for the Non-Executive Directors of the Company to hold shares.

In addition, when an Executive Director steps down from the Board they will be expected to retain an interest in Computacenter shares based on their in-employment share ownership guideline (or actual shareholding at the date of stepping down from the Board if lower) for a period of two years. This policy will be supported by the use of nominee accounts.

The Committee has the discretion to disapply or reduce this requirement in extenuating circumstances, for example in compassionate circumstances.

Both Mike Norris and Tony Conophy substantially exceed their shareholding requirement.

Directors' shareholdings

The beneficial interest of each of the Directors in the shares of the Company, as at 31 December 2022, is as follows:

			Interests in shares			
Current Directors	Number of shares in the Company as at 31 December 2022	Percentage of requirement achieved	SAYE	PSP	DBP	Total
Mike Norris	1,134,214	1,667%[3]	2,967[1]	354,774[2]	21,924[1]	1,513,879
Tony Conophy	1,873,556	4,696%[3]	2,846[1]	266,378[4]	11,520[1]	2,154,300
Peter Ryan	3,100	n/a	–	–	–	3,100
Pauline Campbell	–	n/a	–	–	–	–
René Carayol	–	n/a	–	–	–	–
Rene Haas	–	n/a	–	–	–	–
Philip Hulme	8,896,695	n/a	–	–	–	8,896,695
Ljiljana Mitic	–	n/a	–	–	–	–
Peter Ogden	18,699,389	n/a	–	–	–	18,699,389
Ros Rivaz	2,181	n/a	–	–	–	2,181

Note: There has been no grant of, or trading in, shares of the Company between 1 January 2023 and 19 March 2023.

1. There are no conditions relating to the performance of the Company or individual for the vesting of this scheme.
2. There are performance conditions for this scheme as set out within the table on page 127.
3. Based on the Company's closing share price as at 31 December 2022, being £19.11, and the approved 2022 base salaries.
4. Includes 65,260 options that have vested but remain unexercised at 31 December 2022.

Dilution limits

Computacenter uses a mixture of both new issue and market purchase shares to satisfy the vesting of awards made under its PSP, DBP and Sharesave schemes. In line with best practice, the use of new or treasury shares to satisfy awards made under all share schemes is restricted to 10 per cent in any 10-year rolling period, with a further restriction for discretionary schemes of five per cent in the same period. The Company's current position against its dilution limit is under each of these thresholds. The Company regularly reviews its position against the dilution guidelines and, should there be insufficient headroom within which to grant new awards which could be satisfied by issuing new shares, the Company intends to continue its current practice of satisfying new awards with shares purchased on the market.

Payments to past Directors and payments for loss of office

There were no payments made to past Directors and no payments made for loss of office during the period.

Finance Director transition

Remuneration arrangements for the outgoing Finance Director

As previously announced and set out in the Remuneration Committee Chair's letter, Tony Conophy will retire from his position as Group Finance Director and as an Executive Director of Computacenter plc during 2023. He will step down from the Board with effect from 1 June 2023, and remain with the Company for a further period of up to three months to ensure a comprehensive transition. Tony Conophy's remuneration arrangements will be treated in accordance with the Company's approved Remuneration Policy and his service contract.

As a good leaver, Tony will be entitled to participate in the annual bonus in respect of the 2023 financial year of up to 125 per cent of salary, pro-rated for time up to his retirement date and subject to deferral. As he will only be employed for part of the year, his bonus will be based on PBT, on the same basis as the CEO, and personal objectives only. Retrospective disclosure will be provided in the 2023 Directors' Remuneration Report.

Tony will be treated as a good leaver for the purposes of his outstanding share awards. All deferred bonus shares will continue on their original terms and be released on the normal vesting dates. All outstanding PSP awards in the holding period will continue on their original terms and time horizons. All outstanding PSP awards (51,602 shares) in the performance period will be subject to the original performance conditions, will vest on their normal vesting dates including any holding period and will be reduced pro-rata based on the period to when he retires from the Company. Tony will not be granted a further PSP award in 2023.

Tony's options held in the Company's Sharesave scheme will be exercisable given that he will be automatically deemed to be a good leaver under the terms of the scheme.

In line with our Policy, a post-employment shareholding guideline will apply for a period of two years from stepping down from the Board.

Remuneration arrangements for the incoming Chief Financial Officer
The Board was delighted to appoint Christian Jehle as CFO, effective 1 June 2023. Details of his remuneration package, which is in line with the Directors' Remuneration Policy, are set out below. Further context is provided in the Remuneration Committee Chair's letter.

Salary and benefits
Christian's salary has been set at £450,000, with a pension allowance of five per cent of salary, in line with the wider Computacenter workforce in the UK. He will be eligible to receive benefits in line with our Policy, those of other employees, and will receive a company car allowance.

Annual bonus and PSP awards
Christian will be eligible to participate in the Company's variable pay plans in line with our Remuneration Policy, with a maximum annual bonus opportunity of 150 per cent of salary, half of which will be subject to deferral in line with our Policy. For 2023, the bonus opportunity will be pro-rated for time in role during the year.

Christian will be eligible to participate in the PSP with awards being made at 175 per cent of salary. The first award to him will be made as soon as practicable following appointment.

Share ownership
His share ownership requirement will be in line with the Company's existing policy, requiring that he build up ownership of a shareholding that is equal to 200 per cent of his salary. There will be a formal post-employment shareholding requirement for two years after stepping down from the Board.

Replacement awards
As soon as practicable following appointment, Christian will be made cash and share awards to replace unvested awards which will be forfeited as a consequence of his leaving his former employer (Experian) to join Computacenter. In determining the structure of these replacement awards, the Committee took into account the form of award, time horizons and extent to which performance conditions applied to the original awards. In summary, the replacement awards will comprise:

- An award to replace restricted shares which were granted by his former employer which were due to vest in June 2023. Taking into account Christian's start date, the Committee agreed to extend the time horizon of this award, with 50 per cent delivered in cash following his joining in June, based on the value on the forfeited shares at that point, and 50 per cent converted into Computacenter shares which will remain subject to a two-year holding period from 1 June 2023.
- An award to replace a 2022 performance share award which will also be forfeited. To ensure that Christian is incentivised against Computacenter performance from joining, this award will be replaced by a PSP award which will be subject to the same Computacenter performance measures and targets as apply to the 2022 award made to the CEO and will be released in June 2025, in line with the time horizon of the forfeited award. The face value of the award will be equivalent to the value of the forfeited award, as measured at joining.

The Company will also compensate Christian for the annual bonus which would have been made by his former employer for the financial year ending 31 March 2023. This will mirror the form of the forfeited award and be delivered in cash with a value of £262,500, which will be reduced by any amount paid to the individual by his former employer. The value of this award takes into account current estimates of performance and is lower than the bonus outturn in the prior two years.

Full details of his replacement awards will be set out in the 2023 Directors' Remuneration report.

Executive service contracts
A summary of the Executive Directors' contracts of employment is given in the table below:

Director	Start date	Expiry date	Unexpired term	Notice period (months)
Mike Norris	23/04/1998	n/a	None specified	12
Tony Conophy	23/04/1998	n/a	None specified	12

All Executive Directors have a rolling 12-month service contract with the Company, which is subject to 12 months' written notice by either the Company or the Director.

Directors' Remuneration report continued

External appointments for Executive Directors

Executive Directors are permitted to hold outside directorships, subject to approval by the Chair of the Board, and any such Executive Director is permitted to retain any fees paid for such services. During 2022, neither Executive Director held any outside fee-paying directorships.

Non-Executive Directors' letters of appointment

The Non-Executive Directors have not entered into service contracts with the Company. They each operate under a letter of appointment which sets out their terms, duties and responsibilities. Non-Executive Directors are appointed for an initial term, which runs to the conclusion of the third AGM following their appointment, and which may be renewed at that point. The letters of appointment provide that should a Non-Executive Director not be re-elected at an AGM before he or she is due to retire, then his or her appointment will terminate. The Board has agreed that all Directors will be subject to re-election at the AGM on 17 May 2023.

The terms and conditions of appointment of the Non-Executive Directors are available for inspection by shareholders at the Company's registered office. The appointments continue until the expiry dates set out below, unless terminated for cause or on the period of notice stated below:

Director	Date of latest letter of appointment	Expiry date	Notice period
Peter Ryan	16 May 2022	Close of the Company's Annual General Meeting in 2025	3 months
Pauline Campbell	9 March 2021	Close of the Company's Annual General Meeting in 2024	3 months
René Carayol	1 November 2022	Close of the Company's Annual General Meeting in 2025	3 months
Philip Hulme	4 May 2022	Close of the Company's Annual General Meeting in 2025	3 months
Ljiljana Mitic	16 May 2022	Close of the Company's Annual General Meeting in 2025	3 months
Peter Ogden	4 May 2022	Close of the Company's Annual General Meeting in 2025	3 months
Ros Rivaz	11 November 2022	Close of the Company's Annual General Meeting in 2025	3 months

In 2023, the Chair will be paid a single consolidated fee of £230,600, an increase of 4.8 per cent on 2022 (below the average increase for the wider workforce). The Non-Executive Directors are paid a basic fee, plus additional fees for chairing Board Committees or Senior Independent Director duties.

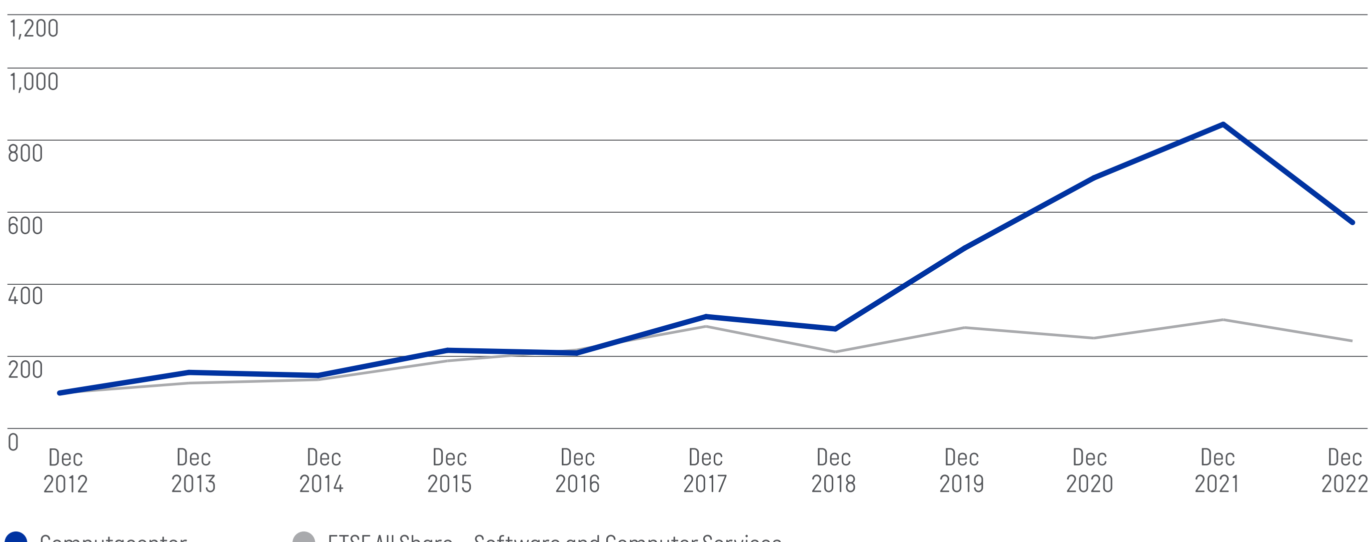
In 2023, Non-Executive Directors' annual fees will increase by 4.8 per cent on 2022:

Position	2022 Annual fees (£)	2023 Annual fees (£)
Independent Non-Executive Directors	57,600	60,350
Founder Non-Executive Directors	52,370	54,900
Additional fee for the Chairing the Audit Committee	18,850	19,800
Additional fee for the Chairing the Remuneration Committee	10,480	11,000
Additional fee for the position of Senior Independent Director	8,370	8,800

Performance of the Company

Total shareholder return performance

(Computacenter versus FTSE Software and Computer Services sector)



In this graph, TSR performance shows the value, in December 2022, of £100 invested in the Company's shares in December 2012, assuming that all dividends received between December 2012 and December 2022 were reinvested in the Company's shares (source: Datastream).

CEO pay history

The table below shows the total remuneration figure for the CEO over the previous 10 financial years. The total remuneration figure includes the annual bonus and PSP awards which vested based on performance in those years. The annual bonus and PSP percentages show the payout for each year as a percentage of the maximum.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CEO single figure of remuneration (£)	937,300	1,506,300	2,763,900	1,807,600	2,291,500	2,081,700	2,391,409	2,538,817	4,084,506	**3,121,548**
Annual bonus payout (as a % of maximum opportunity)	61.2%	69.39%	84.54%	49.12%	92.35%	82.63%	92.5%	96.0%	96.0%	**27.85%**
Annual bonus (£)	367,000	451,035	803,200	319,280	606,047	557,753	636,863	674,400	825,120	**271,538**
PSP vesting (as a % of maximum opportunity)	0%	35.34%	71.5%	85.13%	68.01%	65.68%	80.78%	70.00%	100%	**100%**
PSP vesting (£)	–	478,679	1,384,500	891,800	1,101,400	923,699	1,150,120	1,398,898	2,653,094	**2,155,173**

Percentage change in remuneration of Board Directors and employees

The table below sets out the percentage change in the salary, benefits and annual bonus of all Executive and Non-Executive Directors compared to the average amount paid to Computacenter employees in the UK, between the years ended 31 December 2020, 2021 and 2022.

	% change in remuneration between 2019 and 2020			% change in remuneration between 2020 and 2021			% change in remuneration between 2021 and 2022		
	Salary/Fee	Benefits	Annual bonus	Salary/Fee	Benefits	Annual bonus	Salary/Fee	Benefits	Annual bonus
Executive									
Mike Norris	(23.47)%[1]	(34.35)%	5.89%	35.94%[1]	(24.32)%[11]	22.35%	**13.44%[2]**	**103.70%[11]**	**(67.09)%**
Tony Conophy	(23.53)%[1]	(5.99)%	4.20%	35.97%[1]	2.52%	27.73%	**2.69%**	**4.94%**	**(72.11)%**
Non-Executive									
Peter Ryan	39.72%[3]	–	–	2.0%	–	–	**2.71%**	–	–
Pauline Campbell	n/a[4]	–	–	n/a[4]	–	–	**195.89%[4]**	–	–
René Carayol	n/a[5]	–	–	n/a[5]	–	–	**n/a[5]**	–	–
Rene Haas	172.28%[6]	–	–	2.0%[6]	–	–	**(5.88)%[7]**	–	–
Philip Hulme	(75.0)%[8]	–	–	308.0%[8]	–	–	**2.69%**	–	–
Ljiljana Mitic	59.42%[9]	–	–	2.0%	–	–	**2.67%**	–	–
Peter Ogden	(75.0)%[8]	–	–	308.0%[8]	–	–	**2.69%**	–	–
Minnow Powell	3.69%	–	–	(23.56)%[10]	–	–	**n/a**	–	–
Ros Rivaz	3.69%	–	–	2.05%	–	–	**2.69%**	–	–
Employees									
Computacenter UK-based employees[11]	3.26%	(10.39)%	(3.48)%	4.19%	(4.49)%[13]	(0.69)%[13]	**5.81%[12]**	**(5.60)%**	**1.29%**

1. The significant percentage increase for the CEO and Group FD reflects the voluntary temporary reduction in base salary for the period 1 April 2020 to 30 June 2020.
2. As disclosed last year, following shareholder consultation, the CEO salary was increased by 13.4 per cent.
3. Peter Ryan was appointed to the role of Chair on 16 May 2019. The increase reflects that he was only paid the Chair's fee for part of the prior year.
4. Pauline Campbell was appointed to the Board on 16 August 2021 and assumed the role of Chair of the Audit Committee on 30 September 2021.
5. René Carayol was appointed to the Board on 1 November 2022.
6. Rene Haas was appointed to the Board on 20 August 2019.
7. Rene Haas stepped down from the Board on 1 December 2022.
8. The significant percentage increase for Philip Hulme and Peter Ogden reflects their decision to wave basic fees due to them as founder Non-Executive Directors from 1 April 2020 until 31 December 2020, as announced by the Company on 6 April 2020.
9. Ljiljana Mitic was appointed to the Board on 16 May 2019.
10. Minnow Powell stepped down from the Board on 30 September 2021.
11. The reduction in benefits in 2021 for the CEO was due to his election not to have a car and driver provided from the middle of 2021 onwards. The rise in his benefits in 2022 represents an uplift through a car allowance, to offset his loss of car and driver, in line with that given to the Group Finance Director, for the whole of the year.
12. The average change in salary for UK-based employees takes account of promotions, pay reviews, changes in terms and conditions, and benchmark increases across the year, excluding Executive and Non-Executive Directors who have been reported separately above. The increase also reflects an upwards adjustment considering the inflationary environment in the UK in 2022.
13. The Computacenter UK-based employee benefits and annual bonus figures for last year have been updated from (4.71) per cent to (4.49) per cent for benefits and (0.70) per cent to (0.69 per cent) for the annual percentage change in remuneration between 2020 and 2021.

On the basis that Computacenter plc (the Parent Company) does not employ any employees, the comparator group of Computacenter UK-based employees was chosen on a voluntary basis as the Committee believes it provides a sufficiently large comparator group based on a similar incentive structure to the CEO and reduces any distortion arising from currency and cost of living differences in other geographies in which the Group operates.

Directors' Remuneration report continued

CEO pay ratio

The CEO pay ratio table shows the ratio of pay between the CEO of Computacenter and Computacenter's UK employees. The ratio compares the total remuneration of the CEO against the total remuneration of the median UK employee and those who sit at the 25th and 75th percentiles (lower and upper quartiles).

Computacenter's CEO pay ratios have been calculated using Option B, a continuation of approach from the previous two years and based on the availability of data at the time the Annual Report and Accounts is published. This uses the most recent gender pay data to identify the three employees that represent our 25th, 50th and 75th percentile employees. As an additional sense check, the salary and total pay and benefits of a number of employees either side of these 25th, 50th and 75th employees were also reviewed with an adjustment made to ensure that the figures used were representative of an employee at these positions, including to exclude elements of pay which are not representative of employees at the relevant level.

The total remuneration for these individuals has been calculated based on all components of pay for 2022, including base salary, performance-based pay, pension and benefits. The Committee considers that this provides an outcome that is representative of the employees at these pay levels.

Where an identified employee received a pro-rated component of pay, their figures have been converted to a full-year equivalent. No other adjustments were necessary other than the adjustments already set out above.

The day by reference to which the Company determined the 25th, 50th and 75th percentile employees was 31 December 2022.

The Committee believes that the median pay ratio is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole. Computacenter's employer pension contributions, Company-paid benefits and voluntary benefit scheme options are consistent for all UK employees, including the CEO. In addition, the CEO is eligible to participate in the Company's annual bonus and Performance Share Plan, in line with other members of the senior Management team. The value of these variable pay awards is affected by performance delivered and, in the case of the Performance Share Plan, share price movement over three years.

The 2022 CEO pay ratio is lower when compared to 2021. This is primarily a result of the CEO's remuneration being heavily performance linked. As set out earlier in the report, due to a lower bonus award in respect of 2022 and share price performance, the CEO's 2022 total remuneration is lower than the previous year.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	Option B	92:1	63:1	42:1
2021[1]	Option B	114:1	83:1	55:1
2020	Option B	69:1	57:1	34:1
2019	Option B	76:1	51:1	36:1

1. The 2021 ratios have been updated to reflect the actual CEO's 2021 single figure total using the share price on the date of vesting, further detail of which is set out in the notes to the single figure table on page 123.

2022 salary and total pay and benefits – all employee figures

Employees	25th percentile	Median	75th percentile
Total pay and benefits	£33,965	£49,270	£75,077
Salary	£32,502	£46,924	£66,816

Relative importance of spend on pay

The charts below show the relative expenditure of the Group on the pay of its employees, against certain other key financial indicators of the Group:

* As well as information prescribed by current remuneration reporting regulations, Group adjusted[1] profit before tax has also been included as this is deemed to be a key performance indicator of the Group which is linked to the delivery of value to our shareholders.

Statement of implementation of Remuneration Policy in the following financial year

Executive Director Remuneration for 2023 will be in accordance with the terms of our Directors' Remuneration Policy, as set out on pages 114 to 121 of this report.

2023 base salaries

The base salary of the CEO and the outgoing FD, Tony Conophy, will increase by around 4.8 per cent to £681,200 and £399,500 respectively from 1 January 2023. The rationale for the increase in base salary is described on page 111. As noted on page 129, the salary of the incoming CFO, Christian Jehle, will be £450,000 effective from his appointment from 1 June 2023.

2023 annual bonus

The performance measures and weightings for the 2023 annual bonus will be as follows:

Mike Norris – CEO and Christian Jehle – CFO
(2023)

1. Group adjusted[1] profit before tax (up to 50%)
2. Services contribution growth (up to 10%)
3. Cash balance (up to 10%)
4. Cost savings (up to 10%)
5. Personal objectives (up to 20%)

As Tony Conophy will only be employed for part of the year, his bonus will be based on PBT (up to 80 per cent of the award) and personal objectives only (up to 20 per cent of the award).

The measures for 2023 have been set to be challenging relative to our 2023 business plan. The targets themselves, as they relate to the 2023 financial year, are deemed by the Committee to be commercially sensitive and therefore have not been disclosed. They will be disclosed at such time as the Committee no longer deems them to be commercially sensitive, and it currently anticipates including these in the Company's 2023 Annual Report and Accounts.

The maximum bonus opportunity for the Executive Directors in 2023 will be 150 per cent of base salary for the CEO and for the incoming CFO (pro-rated for time). For the outgoing FD, the maximum bonus opportunity will be 125 per cent of base salary (pro-rated for time). These awards will be subject to deferral in line with our Policy on page 115.

2023 PSP

The award levels for the Executive Directors in the 2023 financial year are 200 per cent of salary for the CEO and 175 per cent of salary for the incoming CFO. The outgoing FD will not receive an award under the 2023 PSP.

The 2023 PSP awards will be subject to the same performance measures and targets as for the 2022 PSP awards as set out above. Awards will be subject to a two-year holding period.

Statement of voting

The results of voting on the Directors' Remuneration report at the Company's 2022 AGM are outlined in the table below:

Votes cast in favour/discretionary		Votes cast against		Total votes cast	Votes withheld/abstentions
97,654,952	98.68%	1,310,649	1.32%	98,965,601	70,207

The results of voting on the Directors' Remuneration Policy at the Company's 2020 AGM are outlined in the table below:

Votes cast in favour/discretionary		Votes cast against		Total votes cast	Votes withheld/abstentions
97,606,813	98.65%	1,339,845	1.35%	98,946,658	2,153

The Committee is grateful for the continuing support of shareholders. To ensure that this continues, the Committee will consult with shareholders on major issues where it is appropriate to do so. It will also continue to adhere to its underlying principle of decision making that Executive Directors' pay must be linked to performance and the sustainable delivery of value to our shareholders.

This Annual Report on Remuneration has been approved by the Board of Directors and signed on its behalf by:

Ros Rivaz
Chair of the Remuneration Committee
6 April 2023

Directors' report

The Directors present their report, together with the audited accounts of Computacenter plc and its subsidiary companies (the Group) for the year ended 31 December 2022.

Computacenter plc is incorporated as a public limited company and is registered in England and Wales with the registered number 3110569. Computacenter plc's registered office address is Hatfield Avenue, Hatfield, Hertfordshire, AL10 9TW. The Company's registrar is Equiniti Limited, which is situated at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

The pages from the inside front cover to 81 of this Annual Report and Accounts are incorporated by reference into the Directors' Report, which has been drawn up and presented in accordance with English company law, and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Strategic Report

The Companies Act 2006 requires the Group to prepare a Strategic Report, which commences at the start of this Annual Report and Accounts up to page 81. The Strategic Report includes information about the Group's operations and business model, particulars of all important events affecting the Company or its subsidiaries, the Group's financial performance in the year and likely future developments, strategic priorities, principal risks and information regarding the Group's sustainability strategy.

Corporate governance

Under Disclosure and Transparency Rule 7.2, the Company is required to include a Corporate Governance report within the Directors' report.

Information on our corporate governance practices can be found in the Corporate Governance report on pages 83 to 138, and the reports of the Audit, Remuneration and Nomination Committees on pages 102, 110 and 98 respectively, all of which are incorporated into the Directors' report by reference.

Management Report

This Directors' report, together with the other reports, forms the Management Report for the purposes of Disclosure and Transparency Rule 4.1.8.

Results and dividends

The Group's Consolidated Income Statement is on page 150. The Group's activities resulted in a profit before tax of £249.0 million (2021: £248.0 million). The Group profit for the year, attributable to equity shareholders, amounted to £182.8 million (2021: £185.3 million).

The Directors recommend a final dividend of 45.8 pence per share (2021: 49.4 pence per share) totalling £52.3 million (2021: £56.4 million). Subject to shareholder approval, this will be paid on Friday 14 July 2023, to shareholders on the register at the close of business on Friday 16 June 2023. The shares will be marked ex-dividend on Thursday 15 June 2023. This is in line with the normal dividend procedure timetable, as set by the London Stock Exchange.

Following the payment of an interim dividend for 2022 of 22.1 pence per share on 28 October 2022, the total dividend for 2022 will be 67.9 pence per share. The Board has consistently applied the Company's dividend policy, which states that the total dividend will be 2 to 2.5 times covered by adjusted[1] diluted earnings per share. Further detail on the Company's dividend policy can be found within the Group Finance Director's review on page 64.

Dividends are recognised in the accounts in the year in which they are paid, or in the case of a final dividend, when approved by the shareholders. As such, the amount recognised in the 2022 Annual Report and Accounts, as described in note 14, is made up of the 2022 interim dividend (22.1 pence per share) and the 2021 final dividend (49.4 pence per share).

Articles of Association

The Company's Articles of Association set out the procedures for governing the Company. The Articles of Association may only be amended by a special resolution at a general meeting of the shareholders.

Voting rights

Shareholders are entitled to attend and vote at any general meeting of the Company. It is the Company's practice to hold a poll on every resolution at general meetings. Every member present in person or by proxy has, upon a poll, one vote for every share held. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holdings.

Dividend rights

Shareholders may by ordinary resolution declare dividends, but the amount of the dividend may not exceed the amount recommended by the Board.

Transfer of shares

There are no specific restrictions on the size of a holding, nor on the transfer of shares which are both governed by the general provisions of the Company's Articles and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights at any meeting of the Company.

A copy of the Articles of Association is available on the Company's website at investors.computacenter.com.

Stakeholder engagement

The Board is aware that its actions and decisions impact our stakeholders. Effective engagement with stakeholders is important for the Group. In order to comply with section 172 of the Companies Act 2006, each Director is required to act in a way that he or she considers will promote the success of the Company whilst taking into account the interests of stakeholders. The Directors must also include a statement in the Annual Report and Accounts explaining how they have discharged this duty during the year. The Group's key stakeholders are identified on pages 70 to 73 of the Strategic Report and the statement of compliance with section 172 is set out on page 69.

Directors and Directors' authority

The Directors who served during the year ended 31 December 2022 were Pauline Campbell, Tony Conophy, René Carayol, Rene Haas, Philip Hulme, Ljiljana Mitic, Mike Norris, Peter Ogden, Ros Rivaz and Peter Ryan. Biographical details of each Director, as at 31 December 2022, are given on pages 86 and 87.

The Company's Articles of Association require that at each AGM, those Directors who were appointed since the last AGM retire, as well as one-third of the Directors who have been the longest serving. The Board has decided, in accordance with the Code, that all Directors will retire at each forthcoming AGM and offer themselves for re-election. The Nomination Committee has considered each Director who is standing for election or re-election and recommends their election or re-election. Further details on the Committee's recommendations for the election and re-election of the Directors are set out in the Notice of AGM, which summarises the skills and experience that the Directors bring to the Board.

Subject to applicable law and the Company's Articles of Association, the Directors may exercise all of the powers of the Company. The Company's Articles of Association provide for a Board of Directors consisting of between three and 20 Directors, who manage the business and affairs of the Company. The Directors may appoint additional or replacement Directors, who shall serve until the following AGM of the Company, at which point they will be required to stand for election by the members. A Director may be removed from office by the Company as provided for by applicable law, in certain circumstances set out in the Company's Articles of Association, and at a general meeting of the Company by the passing of an Ordinary Resolution (provided special notice has been given in accordance with the Companies Act 2006).

Members have previously approved a resolution to give the Directors authority to allot shares, and a renewal of this authority is proposed at the 2023 AGM. This authority allows the Directors to allot shares up to the maximum amount stated in the Notice of AGM (approximately one-third of the issued share capital). In addition, the Company may not allot shares for cash (unless pursuant to an employee share scheme) without first making an offer to existing shareholders in proportion to their existing holdings. This is known as rights of pre-emption. Two resolutions allowing a limited waiver of these rights were passed by the members at last year's AGM.

Members also approved a resolution giving delegated authority allowing the Company to make market purchases of its own shares, up to a maximum of 10 per cent of the Company's issued share capital, subject to certain conditions including price of purchase, amongst others. Each of these standard authorities will expire on the earlier of 30 June 2023 or the conclusion of the Company's 2023 AGM. The Directors will seek to renew each of the authorities at the 2023 AGM, and full details are provided in the Notice of AGM. As at 28 February 2023, none of these authorities approved by shareholders at the 2022 AGM had been exercised.

Directors' indemnities

The Company has executed deeds of indemnity with each of the Directors. These deeds contain qualifying third-party indemnity provisions, indemnifying the Directors to the extent permitted by law, and remain in force at the date of this report, as well as for the duration of 2022. The indemnities are uncapped and cover all costs, charges, losses and liabilities the Directors may incur to third parties, in the course of acting as Directors of the Company or its subsidiaries. In addition, the Group maintains liability insurance for its Directors and officers.

Directors' conflicts of interest

The Directors are required to notify the Company Secretary of any situations (appointments, holdings or otherwise), or any changes to such, which may give rise to an actual or potential conflict of interest with the Company. These notifications are then reviewed by the Board and recorded in a register maintained by the Company Secretary. If appropriate, they are then considered further by the Directors who are not conflicted, who may authorise the position. The register of notifications and authorisations is reviewed by the Board twice a year. Where the Board approves an actual or potential conflict, the conflicted Director cannot participate in any discussion or decision affected by the conflict.

Directors' interests in shares

The Directors' interests in the Company's share capital, at the start and end of the reporting period, were as follows:

	As at 31 December 2022		As at 1 January 2022 or date of appointment	
	Number of ordinary shares Beneficial	Number of ordinary shares Non-beneficial	Number of ordinary shares Beneficial	Number of ordinary shares Non-beneficial
Executive Directors				
Mike Norris	**1,134,214**	–	1,134,214	–
Tony Conophy	**1,873,556**	–	1,873,556	–
Non-Executive Directors				
Peter Ryan	**3100**	–	900	–
Pauline Campbell	–	–	–	–
René Carayol*	–	–	–	–
Rene Haas*	–	–	–	–
Philip Hulme	**8,896,695**	**9,498,293**	9,196,695	9,198,293
Ljiljana Mitic	–	–	–	–
Peter Ogden	**18,699,389**	**8,103,356**	18,699,389	8,103,356
Ros Rivaz	**2,181**	–	1,382	–

* René Carayol joined the Board on 1 November 2022 and Rene Haas retired from the Board on 1 December 2022. There were no changes to the interests set out above between 1 January 2023 and 24 March 2023.

Major interests in shares and voting rights

As at 31 December 2022, the Company had been notified under the FCA's Disclosure and Transparency Rules of the following interests in its total voting rights, which are equal to or greater than three per cent:

Name of major shareholder	Percentage of total voting rights held	Date of notification
JPMorgan Asset Management (UK) Limited	5.19	11 January 2022
JPMorgan Asset Management (UK) Limited	4.98	9 May 2022
Philip William Hulme	7.79	22 September 2022

Between 31 December 2022 and 24 March 2023, BlackRock, Inc. notified the Company on 8 February 2023 that its holding had increased to an interest over 5.02 per cent of the Company's total voting rights, as at the date of notification.

BlackRock, Inc. again notified the Company on 16 February 2023 that its holding had decreased to an interest over 4.98 per cent of the Company's total voting rights, as at the date of notification.

BlackRock, Inc. further notified the Company on 1 March 2023 that its holding had increased to an interest over 5.10 per cent of the Company's total voting rights, as at the date of notification.

An updated list of the Company's major shareholders, based on information available to the Company, is available at investors.computacenter.com.

Directors' report continued

Capital structure and rights attaching to shares

As at 28 February 2023, there were 122,687,970 fully paid ordinary shares in issue, of which the Company held 8,546,861 ordinary shares in treasury, representing 6.97 per cent of voting rights. The total number of voting rights in the Company, which shareholders may use as the denominator when calculating if they are required to notify their interest in the Company or a change to that interest, under the Disclosure and Transparency Rules, is therefore 114,141,109.

The rights attaching to each of the Company's ordinary shares and deferred shares are set out in its Articles of Association. As at 28 February 2023, there were no deferred shares in issue.

The holders of ordinary shares are entitled, subject to applicable law and the Company's Articles of Association, to:

- have shareholder documents made available to them, including notice of any general meetings of the Company; and
- to attend, speak and exercise voting rights at general meetings of the Company, either in person or by proxy.

There are no specific restrictions on the transfer of securities in the Company, which is governed by its Articles of Association and prevailing legislation. The Company is not aware of any arrangements between shareholders which may result in restrictions on the transfer of securities or other voting rights.

Pursuant to the Company's share plans, there is an employee benefit trust which, as at the year end, held a total of 1,060,021 ordinary shares of 7⅝ pence each, representing approximately 0.86 per cent of the issued share capital. During the year, the trust purchased a total of 1,300,000 shares, so it could satisfy the maturities occurring pursuant to these share option plans. When the trust holds shares before transferring them to participants, in line with good practice, the Trustees do not exercise the associated voting rights. The Trustees also have a dividend waiver in place in respect of shares which are the beneficial property of the trust. During 2022, no ordinary shares in the Company were issued for cash to satisfy the exercise of options.

The employee share plans have change of control provisions that would be triggered if another entity or individual takes control of the Company. Participants may, in certain circumstances, be allowed to exchange their existing options for options of an equivalent value over shares in the acquiring company. Alternatively, the options may vest early. Early vesting under the executive schemes will generally be on a time-apportioned basis. Under the Sharesave scheme, employees will only be able to exercise their options to the extent that their accumulated savings allow at that time.

During the period, no ordinary shares were purchased for cancellation.

Significant agreements and relationships

Details regarding the status of the Group's various borrowing facilities are provided in the Group Finance Director's review on pages 65 to 66. These agreements each include a change of control provision, which may result in the facility being withdrawn or amended upon a change of control of the Company. The Group's longer-term Services contracts may also contain change of control clauses that allow a counterparty to terminate the relevant contract in the event of a change of control of the Company.

The Company does not have any agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a change of control on takeover, except in relation to the Company's share plans, as described above.

Financial instruments

The Group's financial risk management objectives and policies are discussed in the Group Finance Director's review on page 66.

Related-party transactions

Internal controls are in place to ensure that any related-party transactions involving Directors or their connected persons are carried out on an arm's length basis and are properly recorded and disclosed where appropriate.

Employee share plans

The Company operates a Performance Share Plan (PSP) to incentivise employees. During the year, 275,665 ordinary options of 7⅝ pence each were awarded subject to performance conditions (2021: 361,350). At the year end, 177,687 options remained outstanding under the PSP (2021: 1,947,782). During the year, 416,998 shares were transferred to participants and 28,762 options lapsed. In addition, the Company operates a Sharesave Plan for the benefit of employees. As at the year end, 3,615,052 options granted under the Sharesave Plan remained outstanding (2021: 3,496,799).

On 21 March 2022, in accordance with the rules of the Computacenter 2017 Deferred Bonus Plan, the Company granted 21,759 conditional awards of ordinary shares of 7⅝ pence each (2021: 23,369).

Corporate sustainable development and political donations

The Board recognises that acting in a socially responsible way benefits the community, our customers, shareholders, the environment and employees alike. Further information can be found in the report on pages 38 to 49, which covers matters regarding health and safety, equal opportunities, employee involvement and employee development.

During the year, the Group did not make any political donations or incur any political expenditure within the meaning of sections 362 to 379 of the Companies Act 2006.

Equal opportunities

The Group acknowledges the importance of equality and diversity and is committed to equal opportunities throughout the workplace. The Group's policies for recruitment, training, career development and promotion of employees, are based purely on the suitability of the employee and give those who may be disabled equal treatment to their able-bodied colleagues. Where an employee becomes disabled after joining the Group, all efforts are made to enable that employee to continue in their current job. However, if, due to the specific circumstances, it is not possible for an employee to continue in their current job, they will be given suitable training for alternative employment within the Group or elsewhere.

The Group monitors and regularly reviews its policies and practices to ensure that it meets current legislative requirements, as well as its own internal standards. The Group is committed to making full use of the talents and resources of all its employees and to providing a healthy environment that encourages productive and mutually respectful working relationships. Policies dealing with equal opportunities are in place in all parts of the Group, which take account of the Group's overall commitment and also address local regulatory requirements.

Employee involvement and development

The Group is committed to involving all employees in significant business issues, especially matters which affect their work and working environment. A variety of methods are used to engage with employees, including team briefings, intranet, email and in-house publications. The Group uses one or more of these channels to brief employees on the Group's performance and the financial and economic factors affecting it. Team briefings are a primary method for engaging and consulting with employees, with managers tasked with ensuring regular information sharing, discussion and feedback.

Employee consultative forums exist in each Group country, to consult employees on major issues affecting employment and matters of policy, and to enable Management to seek employees' views on a wide range of business matters. Where there are cross-jurisdictional issues to discuss, a European forum is engaged, made up of representatives from each country forum. The Senior Independent Director attends at least one meeting per year of this European forum, to engage directly with employee representatives and report a summary of this engagement to the Board.

The Group regularly reviews employees' performance through a formal review process, to identify areas for development. Managers are responsible for setting and reviewing personal objectives, aligned to corporate and functional goals. The Board closely oversees and monitors Management skills and the development of talent, to meet the Group's current and future needs. The Board directly monitors and closely reviews succession and plans for developing identified key senior managers.

The development of employee skills and careers, as well as the communication of the Group's goals, are driven by our Winning Together processes and tools. Annual assessments via our Winning Together processes and tools are a formal requirement of all managers.

The Group operates a Save As You Earn (SAYE) share plan for eligible employees, including those in the UK, who are encouraged to save a fixed monthly sum for a period of either three or five years. When the plan matures, participants can purchase shares in the Company at a price set at the start of the savings period.

Further information can be found in the report on pages 42 to 45 covering employee involvement and employee development, and in the Stakeholder Engagement section on page 71, which explains how the Company and Board have engaged with and considered employees.

Engagement with suppliers, customers and others

The required disclosure on engagement with suppliers, customers, our people and other stakeholders can be found in the Stakeholder Engagement section on pages 70 to 73. Pages 94 to 95 includes detail of how the Board considered the views and interests of our stakeholders in its decision making.

Business ethics

The Group Ethics Policy commits employees to the highest standards of ethical behaviour in respect of customers, suppliers, colleagues and other stakeholders in the business. The policy includes a requirement for all employees to report abuses or non-conformance with the policy and sets out the procedures to be followed.

Going concern

The Directors' statement regarding adoption of the going concern basis of accounting in preparation of the annual Consolidated Financial Statements is set out within the Strategic Report on page 67.

Viability Statement

The Directors' statement regarding the long-term viability of the Company is set out within the Strategic Report on pages 67 to 68.

Greenhouse gas emissions

The Company is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from Group activities, and to provide details of its energy usage and the principal measures taken by the Company in 2022 to increase its energy efficiency. Details can be found in the Strategic Report on pages 46 to 49. Further details of our environmental policies and programmes can be found on our corporate website at computacenter.com. The Group's disclosure in response to the Task Force on Climate-related Financial Disclosures can be found on pages 54 to 57. The Company does not own, and does not pay for any of its Directors to use private jets, including when they are conducting Company business.

Auditor

A resolution to reappoint KPMG LLP as auditor of the Group was approved by the Company's shareholders at the Company's 2022 AGM.

Resolutions to appoint Grant Thornton UK LLP as the auditor of the Group, as well as to authorise the Directors to determine its remuneration for fulfilling that role, will be put to shareholders at the forthcoming 2023 AGM.

Disclosure of information to auditor

The Directors who held office as at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all of the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Board currently intends to hold the AGM on 17 May 2023 at 11.30am. The arrangements for the Company's 2023 AGM, and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on the Company's website.

Directors' report continued

Listing rule (LR) disclosures

The information required to be disclosed by LR 9.8.4R is set out below, along with cross references indicating where the relevant information is otherwise set out in the Annual Report and Accounts:

Interest capitalised	N/A
Publication of unaudited financial information	N/A
Details of performance share plans	N/A
Waiver of emoluments by a Director	N/A
Waiver of future emoluments by a Director	N/A
Non pre-emptive issues of equity for cash	N/A
Non pre-emptive issues of equity for cash in relation to major subsidiary undertakings	N/A
Contracts of significance	Details of significant contracts are set out in the Group Finance Director's review on pages 65 to 67. Details of transactions with related parties are set out on page 202 in note 34 to the Consolidated Financial Statements.
Provision of services by a controlling shareholder	N/A
Shareholder waiver of dividends	The Trustees of the Company's employee share schemes have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.
Shareholder waiver of future dividends	The Trustees of the Company's employee share schemes have a dividend waiver in place in respect of shares which are the beneficial property of each of the trusts.
Agreements with controlling shareholder	Any person who exercises or controls on their own or together with any person with whom they are acting in concert, 30 per cent or more of the votes able to be cast on all or substantially all matters at general meetings are known as 'controlling shareholders'. The Financial Conduct Authority's Listing Rules now require companies with controlling shareholders to enter into a written and legally binding agreement (a Relationship Agreement) which is intended to ensure that the controlling shareholder complies with certain 'independence-related' provisions. The Company confirms that it has undertaken a process following the reporting period to review whether it has any 'controlling shareholders'. Following this process, it was determined that there was no requirement on the Company to enter into a Relationship Agreement with any of its shareholders. The Company confirms that this remained the case as at 31 December 2022, but will keep the matter under review.

MJ Norris
Chief Executive Officer
6 April 2023

FA Conophy
Group Finance Director
6 April 2023

Directors' Responsibilities

DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' report, Directors' Remuneration report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and Accounts

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' report include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Annual Report from inside front cover to page 139 was approved by the Board of Directors and authorised for issue on 6 April 2023 and signed for and on behalf of the Board by:

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

FINANCIAL STATEMENTS

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Independent Auditor's Report

to the members of Computacenter plc

1. Our opinion is unmodified

We have audited the financial statements of Computacenter plc ("the Company") for the year ended 31 December 2022 which comprise the Consolidated income statement, Consolidated statement of Comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement, Company balance sheet and Company statement of changes in equity, and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 19 May 2015. The period of total uninterrupted engagement is for the eight financial years ended 31 December 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole		£12.0 million (2021: £12.0 million) 4.8% (2021: 4.8%) of profit before tax
Coverage		94% (2021: 96% of group profit before tax
Key audit matters		**vs 2021**
Recurring risks	Revenue – Technology Sourcing Bill and Hold revenue cut-off	< >
	New: Revenue – Technology Sourcing non-Bill and Hold revenue cut-off	^
	Recoverability of Parent Company's investment in subsidiaries (Parent)	< >
Event driven	**New:** Transitional application of agent vs. principal in Computacenter United States Inc.	^

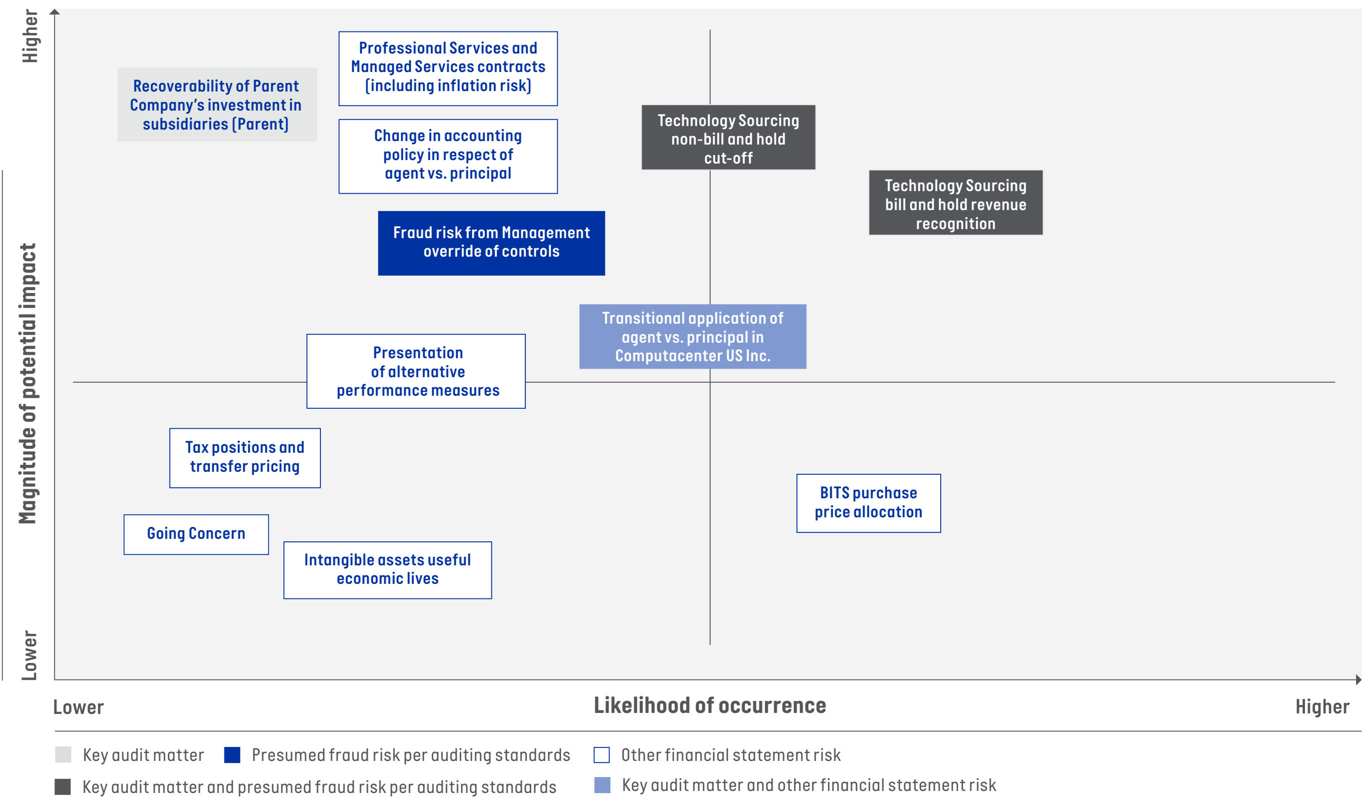
2. Key audit matters: our assessment of risks of material misstatement

When planning our audit we made an assessment of the relative significance of the key risks of material misstatement to the Group financial statements initially without taking account of the effectiveness of controls implemented by the Group. As part of our audit planning procedures, we presented and discussed our initial assessment of key risks to the Audit Committee and subsequently discussed changes to our assessment. Our final risk map is shown below. We identified four key audit matters that were expected to have the greatest effect on our audit. Throughout our audit we continually reassess the significance of each of these key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Independent Auditor's Reports continued

to the members of Computacenter plc

2. Key audit matters: our assessment of risks of material misstatement continued



	The risk	Our response
Revenue – Technology Sourcing Bill and Hold revenue cut-off (£386.9 million; 2021: £281.9 million) Refer to page 104 (Audit Committee Report), page 165 (accounting policy and critical judgement) and page 165 (financial disclosures).	**2022/2023 sales:** Technology Sourcing revenue includes revenues from bill and hold transactions. This is an arrangement in which the Group invoices a customer and recognises the associated revenue, but retains physical possession of the product until it is transferred to the customer at a point in time in the future. A customer may have obtained control of a product before it has been delivered and management regard there to be a critical judgement required to determine if all of the criteria have been met to recognise a bill and hold sale. This gives rise to a risk that bill and hold revenue is recognised too early.	Our procedures included: • **Tests of detail:** A sample of sales was selected on the basis of a risk-based sampling methodology combined with a statistical sample. For each invoice sampled, we inspected bill and hold agreements, evaluated the segregation and readiness of inventory, and considered if the reason for the arrangement was substantive, in order to assess whether revenue had been recognised in the appropriate period. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance meant that detailed testing is inherently the most effective means of obtaining audit evidence. **Our findings** In determining the treatment of Technology Sourcing bill and hold revenue cut-off there is room for judgement. For one transaction we found that the Group misinterpreted contractual terms and recognised revenue earlier than transfer of control had passed, which was then subsequently adjusted, following which the judgement was balanced (2021: balanced).

	The risk	Our response
Revenue – Technology Sourcing non-Bill and Hold revenue cut-off Included within Technology Sourcing revenue: £4,899.9m (2021: not applicable) Refer to page 104 (Audit Committee Report), page 156 (accounting policy) and pages 168 to 169 (financial disclosures).	**2022/2023 sales:** Technology Sourcing revenue includes revenues from numerous product groups each sold with varying contractual terms and conditions that in turn impact the point in time at which all delivery obligations, and therefore the transfer of control has been fulfilled, and hence revenue is recognised. Whilst there is little judgement required in identifying the appropriate accounting policy to apply, the volume of orders close to year end gives rise to a risk that revenue is recognised too early.	Our procedures included: • **Tests of detail:** Inspecting proof of delivery for a sample of orders selected close to year end in order to assess whether the accounting policy had been correctly applied to recognise revenue in the appropriate period. This sample was selected on the basis of a statistical sample methodology. • **Tests of detail:** Inspecting credit notes raised subsequent to the year end in order to assess whether Technology Sourcing non-Bill and Hold revenue related to a valid sale and was recognised in the correct period, and whether there were any systemic issues around revenue cut-off. We performed the detailed tests above rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would be unlikely to obtain the required evidence to support reliance on controls. **Our findings** Our testing identified two errors, which were corrected, and uncorrected errors for which we have reported an audit misstatement in respect of non-Bill and Hold technology sourcing revenue.
Recoverability of Parent Company's investment in subsidiaries (£475.0 million; 2021: £443.0 million) Refer to page 105 (Audit Committee Report), page 206 (accounting policy) and page 208 (financial disclosures).	**Low risk, high value:** The carrying amount of the Parent Company's investments in subsidiaries represents 95.6% (2021: 93.8%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	Our procedures included: • **Tests of detail:** We assessed management's analysis by comparing the carrying amount of a sample of the highest value investments, representing 99.7% (2021: 99.6%) of the total investment balance, to the relevant subsidiaries' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. • **Assessing subsidiary audits:** We assessed the work performed by component audit teams of those subsidiaries sampled where full-scope audits are performed for the purposes of this group audit, and considered the results of that work on those subsidiaries' profits and net assets. • **Our sector experience:** For the investments where the carrying amount exceeded the net asset value, we compared the carrying amount of the investment with the expected value of the business based upon a discounted cash flow model. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance meant that detailed testing is inherently the most effective means of obtaining audit evidence. **Our findings** We found the Group's assessment of the recoverability of the investment in subsidiaries to be balanced (2021: balanced).

Independent Auditor's Reports continued

to the members of Computacenter plc

2. Key audit matters: our assessment of risks of material misstatement continued

	The risk	Our response
Transitional application of agent vs. principal in Computacenter United States Inc. Included within the principal element on agency contracts: £1,889.0m (2021: not applicable) Refer to page 103 (Audit Committee Report), pages 164 to 165 (accounting policy) and pages 164 to 165 (financial disclosures).	**Accounting application:** In May 2022, the International Financial Reporting Interpretations Committee ("IFRIC") reached an agenda decision relevant to the application of IFRS 15's principal vs. agent considerations for software license reselling. The publication outlined the IFRIC's view on a specific fact pattern presented to them, that may inform and/or alter management's judgements made when applying IFRS 15's agency considerations. Management adopted a revised group revenue policy as a result of the IFRIC agenda decision, that has been applied retrospectively from 1 January 2021. Computacenter United States Inc migrated to the Group ERP system on 1 September 2021, and prior to this, the legacy ERP system was not designed to produce the analysis to identify software and resold services product sales, that are now recognised on an agent basis, to the degree of precision required to apply the new accounting policy and led to our qualified review opinion for the period ended 30 June 2022. In addition, limited data migration issues were identified that also impacted the calculation of the adjustment post-migration and during 2022. The imprecision of data and data migration issues led to significant effort by both management and us to interrogate and audit the data, which gives rise to a risk that the new accounting policy is not applied to all relevant sales and cost of sales in Computacenter United States Inc.	Our procedures included: • **Tests of detail:** A sample of cost of sales transactions was selected on the basis of a statistical sample from the current and prior period, and supporting source documentation, such as purchase invoices, was obtained to validate the product categorisation of the item sold. • **Recalculation:** The adjustment prepared by management was recalculated by checking all relevant product types had been correctly included in the adjustment; to ensure mathematical accuracy. We performed the tests above rather than seeking to rely on any of the Group's controls because the nature of the balance meant that detailed testing is inherently the most effective means of obtaining audit evidence. **Our findings** We found no errors in the Group's application of the revised revenue accounting policy to the sales of Computacenter United States Inc.

3. Our application of materiality and an overview of the scope of our audit

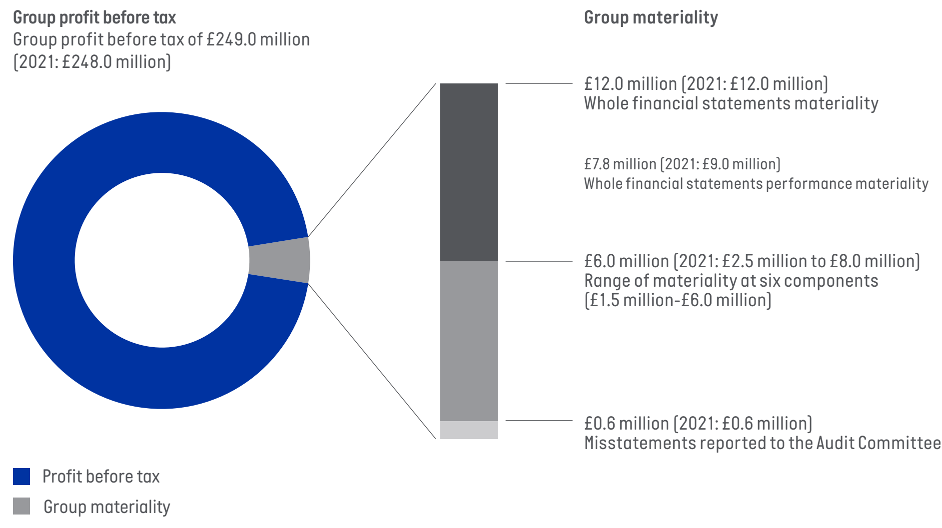
Materiality for the Group financial statements as a whole was set at £12.0m (2021: £12.0m), determined with reference to a benchmark of Group profit before tax of £249.0m (2021: £248.0m), of which it represents 4.8% (2021: 4.8%).

In addition, we applied materiality of £0.1m (2021: £0.1m) to related party transactions for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the company's members' assessment of the financial performance of the Group.

Materiality for the Parent Company financial statements as a whole was set at £2.5m (2021: £2.5m), determined with reference to a benchmark of Company total assets, of which it represents 0.5% (2021: 0.5%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2021: 75%) of materiality for the Group and Parent Company financial statements as a whole, which equates to £7.8m (2021: £9.0m) for the Group and £1.6m (2021: £1.8m) for the Parent company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements and severity of control deficiencies during the prior period.



We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.6m (2021: £0.6m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 35 (2021: 25) reporting components, we subjected five (2021: six) to full scope audits for Group purposes and one (2021: nil) to specified risk-focused audit procedures over cash and cash equivalents, provisions, and the application of the revised agent vs principal revenue policy. The latter was not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The components within the scope of our work accounted for the percentages illustrated opposite. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component's materiality's, which ranged from £1.5m to £6.0m (2021: £2.5m to £8.0m), having regard to the mix of size and risk profile of the Group across the components. The work on four of the six components (2021: four of the six components) was performed by component auditors and the rest, including the audit of the Parent Company, was performed by the Group team.

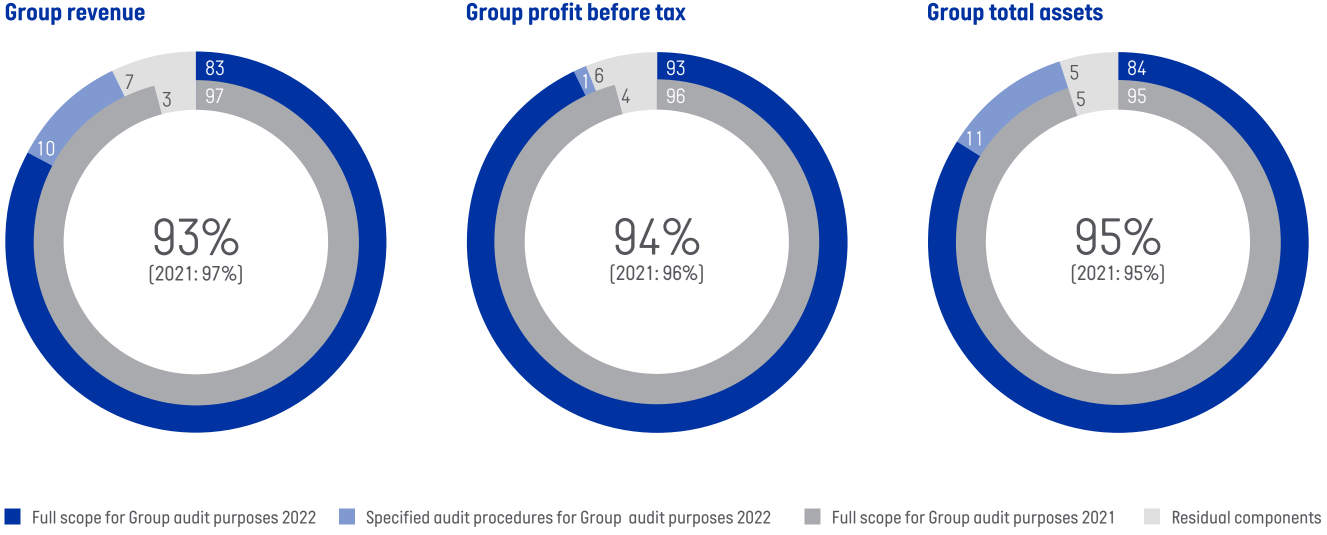
The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group audit team visited three (2021: nil) component locations in Germany, Canada and the United States. Video and telephone conference meetings were also held with these component auditors and others that were not physically visited. At these visits and meetings, we:

- Assessed and communicated the Group audit risks and strategy, including those risks that are relevant to component auditors;
- Responded to specific issues in the United States, with senior Group audit team members visiting the component auditor during planning and year end;
- Attended year end clearance meetings where the findings reported to the Group audit team were discussed in more detail and any further work required by the Group audit team was then performed by the component auditors; and
- Inspected component audit teams' key working papers within component audit files to evaluate the quality of execution of the audits of the components, with a particular focus on the minimum procedures instructed in relation to our key audit matters.

Independent Auditor's Reports continued

to the members of Computacenter plc



4. The impact of climate change on our audit

In planning our audit we have considered the potential impacts of climate change on the Group's business and its financial statements.

The Group's business model does not include extractive or high pollutive activities that are a significant contributor to climate change. The Group's main exposure to climate risk is the shifting expectations from business stakeholders to transition to low-carbon supply chains and greater emphasis on climate related disclosures in the annual report, and severe weather events disrupting key service delivery locations.

As part of our audit we made enquires of management and inspected minutes from the Climate Risk Committee meetings held throughout the year, to understand the Group's assessment and preparedness for climate change. We have performed a risk assessment on how the impact of climate change may affect the financial statements and our audit, and taking into account headroom on goodwill and nature of the Group's assets and liabilities, there was no significant impact on our key audit matters, including impairment forecasts, or key areas of our audit.

We have also read the Group's and Parent Company's disclosure of climate related information in the front half of the annual report as set out on pages 54 to 57 and considered consistency with the financial statements and our audit knowledge

5. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was lower than expected trading volumes.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 2.1 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement on page 137 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2.1 to be acceptable; and
- the related statement under the Listing Rules set out on page 138 is materially consistent with the financial statements and our audit knowledge.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and other key management personnel, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes and attending audit committee meetings.
- Reading and considering the content of remuneration incentive schemes and performance targets for management, directors, and sales staff, including the EPS target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group level.

As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Technology sourcing bill and hold sales and Technology sourcing non-bill and hold sales are recorded in the wrong period, and the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition of Managed Services and Professional Services because the level of estimation and judgement over contracts spanning the year end is low.

We did not identify any additional fraud risks.

Further detail in respect of Technology sourcing bill and hold and non-bill and hold sales is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts, those with unusual descriptions, and round number adjustments to provisions.
- Assessing whether the judgements made when recognising revenue are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards). We also discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pension legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: export legislation, GDPR compliance, health and safety, contract legislation, anti-bribery, employment law, and certain aspects of company and environmental legislation, recognising the nature of the Group's activities to export IT hardware and provide global IT services. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management, and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Reports continued

to the members of Computacenter plc

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 67 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on pages 67 to 68 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in these respects.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 139, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Flanagan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

6 April 2023

Consolidated Income Statement

For the year ended 31 December 2022

	Note	2022 £m	2021 £m (restated)
Revenue	4,5	**6,470.5**	5,034.5
Cost of sales		**(5,523.4)**	(4,166.7)
Gross profit	4	**947.1**	867.8
Administrative expenses		**(691.8)**	(612.0)
Impairment reversal/(loss) on trade receivables and contract assets	20	**1.1**	(0.6)
Operating profit		**256.4**	255.2
Finance income	10	**2.4**	0.3
Finance costs	11	**(9.8)**	(7.5)
Profit before tax		**249.0**	248.0
Income tax expense	12	**(64.8)**	(61.5)
Profit for the year		**184.2**	186.5
Attributable to:			
Equity holders of the Parent		**182.8**	185.3
Non-controlling interests		**1.4**	1.2
Profit for the year		**184.2**	186.5
Earnings per share:			
– basic	13	**162.1p**	164.0p
– diluted	13	**159.1p**	160.9p

The comparative information is restated on account of a change in accounting policy for Technology Sourcing revenue and cost of sales, see note 3.

All of the activities of the Group relate to continuing operations.

The accompanying notes on pages 155 to 202 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Profit for the year		**184.2**	186.5
Items that may be reclassified to the Consolidated Income Statement:			
Loss arising on cash flow hedge		**(2.5)**	(0.9)
Income tax effect		**1.0**	0.2
		(1.5)	(0.7)
Exchange differences on translation of foreign operations		**47.5**	(9.6)
		46.0	(10.3)
Items not to be reclassified to the Consolidated Income Statement:			
Remeasurement of defined benefit plan	33	**1.7**	1.2
Other comprehensive expense for the year, net of tax		**47.7**	(9.1)
Total comprehensive income for the year		**231.9**	177.4
Attributable to:			
Equity holders of the Parent		**229.9**	176.2
Non-controlling interests		**2.0**	1.2
Total comprehensive income for the year		**231.9**	177.4

The accompanying notes on pages 155 to 202 form an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2022

	Note	2022 £m	2021 £m
Non-current assets			
Property, plant and equipment	15	**94.1**	90.0
Right-of-use assets	15	**119.4**	138.1
Intangible assets	16	**342.1**	273.7
Investment in associate	18a	**0.1**	0.1
Deferred income tax assets	12d	**11.3**	30.2
Prepayments	5	**19.4**	16.6
		586.4	548.7
Current assets			
Inventories	19	**417.7**	341.3
Trade and other receivables	20	**1,713.2**	1,275.2
Income tax receivable		**14.6**	8.8
Prepayments	5	**130.5**	103.0
Accrued income	5	**135.2**	148.1
Derivative financial instruments	24	**7.5**	3.6
Cash and short-term deposits	21	**275.1**	285.2
		2,693.8	2,165.2
Total assets		**3,280.2**	2,713.9
Current liabilities			
Bank overdraft	21	**10.7**	12.0
Trade and other payables	22	**1,857.5**	1,410.4
Deferred income	5	**265.3**	249.3
Financial liabilities	23a	**7.5**	15.1
Lease liabilities	23b	**36.9**	43.0
Derivative financial instruments	24	**8.7**	2.5
Income tax payable		**56.4**	47.9
Provisions	26	**3.8**	3.5
		2,246.8	1,783.7
Non-current liabilities			
Financial liabilities	23a	**12.6**	16.7
Lease liabilities	23b	**90.2**	103.1
Deferred income	5	**7.9**	8.3
Retirement benefit obligation	33	**23.0**	21.8
Provisions	26	**7.0**	9.7
Deferred income tax liabilities	12d	**20.7**	25.8
		161.4	185.4
Total liabilities		**2,408.2**	1,969.1
Net assets		**872.0**	744.8
Capital and reserves			
Issued share capital	29	**9.3**	9.3
Share premium	29	**4.0**	4.0
Capital redemption reserve	29	**75.0**	75.0
Own shares held	29	**(127.7)**	(115.5)
Translation and hedging reserve	29	**50.7**	5.4
Retained earnings		**854.4**	762.3
Shareholders' equity		**865.7**	740.5
Non-controlling interests	29	**6.3**	4.3
Total equity		**872.0**	744.8

The accompanying notes on pages 155 to 202 form an integral part of these consolidated financial statements.

Approved by the Board on 6 April 2023.

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to equity holders of the Parent								
	Issued share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation and hedging reserves £m	Retained earnings £m	Share-holders' equity £m	Non-controlling interests £m	Total equity £m
At 1 January 2022	**9.3**	**4.0**	**75.0**	**(115.5)**	**5.4**	**762.3**	**740.5**	**4.3**	**744.8**
Profit for the year	–	–	–	–	–	**182.8**	**182.8**	**1.4**	**184.2**
Other comprehensive income/(expense)	–	–	–	–	**45.3**	**1.8**	**47.1**	**0.6**	**47.7**
Total comprehensive income/(expense)	–	–	–	–	**45.3**	**184.6**	**229.9**	**2.0**	**231.9**
Cost of share-based payments	–	–	–	–	–	**8.6**	**8.6**	–	**8.6**
Tax on share-based payments	–	–	–	–	–	**(4.6)**	**(4.6)**	–	**(4.6)**
Exercise of options	–	–	–	**22.2**	–	**(16.0)**	**6.2**	–	**6.2**
Purchase of own shares	–	–	–	**(34.4)**	–	–	**(34.4)**	–	**(34.4)**
Equity dividends	–	–	–	–	–	**(80.5)**	**(80.5)**	–	**(80.5)**
At 31 December 2022	**9.3**	**4.0**	**75.0**	**(127.7)**	**50.7**	**854.4**	**865.7**	**6.3**	**872.0**
At 1 January 2021	9.3	4.0	75.0	(111.7)	15.7	635.5	627.8	3.1	630.9
Profit for the year	–	–	–	–	–	185.3	185.3	1.2	186.5
Other comprehensive income/(expense)	–	–	–	–	(10.3)	1.2	(9.1)	–	(9.1)
Total comprehensive income/(expense)	–	–	–	–	(10.3)	186.5	176.2	1.2	177.4
Cost of share-based payments	–	–	–	–	–	10.6	10.6	–	10.6
Tax on share-based payments	–	–	–	–	–	7.6	7.6	–	7.6
Exercise of options	–	–	–	21.7	–	(15.5)	6.2	–	6.2
Purchase of own shares	–	–	–	(25.5)	–	–	(25.5)	–	(25.5)
Equity dividends	–	–	–	–	–	(62.4)	(62.4)	–	(62.4)
At 31 December 2021	9.3	4.0	75.0	(115.5)	5.4	762.3	740.5	4.3	744.8

The accompanying notes on pages 155 to 202 form an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Operating activities			
Profit before taxation		**249.0**	248.0
Net finance cost		**7.4**	7.2
Depreciation of property, plant and equipment	15	**21.5**	24.8
Depreciation of right-of-use assets	15	**50.5**	50.6
Amortisation of intangible assets	16	**18.9**	15.3
Share-based payments		**8.6**	10.6
Loss on disposal of intangibles		**–**	0.5
Loss/(Gain) on disposal of property, plant and equipment		**0.5**	(1.3)
Net cash flow from inventories		**(7.0)**	(131.5)
Net cash flow from trade and other receivables (including contract assets)		**(317.2)**	(238.5)
Net cash flow from trade and other payables (including contract liabilities)		**263.4**	292.2
Net cash flow from provisions and employee benefits		**(0.7)**	(1.7)
Other adjustments		**(0.1)**	1.3
Cash generated from operations		**294.8**	277.5
Income taxes paid		**(52.7)**	(53.2)
Net cash flow from operating activities		**242.1**	224.3
Investing activities			
Interest received	10	**2.4**	0.3
Acquisition of subsidiaries, net of cash acquired	18	**(28.3)**	(2.5)
Purchases of property, plant and equipment	15	**(23.7)**	(18.8)
Purchases of intangible assets	16	**(11.8)**	(11.5)
Proceeds from disposal of property, plant and equipment		**1.1**	7.5
Net cash flow from investing activities		**(60.3)**	(25.0)
Financing activities			
Interest paid	11	**(2.9)**	(2.3)
Interest paid on lease liabilities	11	**(4.9)**	(5.2)
Dividends paid to equity shareholders of the Parent	14	**(80.5)**	(62.4)
Proceeds from exercise of share options		**6.2**	6.2
Purchase of own shares		**(34.4)**	(25.5)
Repayment of loans and credit facility		**(20.6)**	(99.7)
Payment of capital element of lease liabilities	23b	**(50.3)**	(50.2)
Borrowings		**4.0**	10.7
Net cash flow from financing activities		**(183.4)**	(228.4)
(Decrease)/increase in cash and cash equivalents		**(1.6)**	(29.1)
Effect of exchange rates on cash and cash equivalents		**(7.2)**	(7.5)
Cash and cash equivalents at the beginning of the year	21	**273.2**	309.8
Cash and cash equivalents at the year end	21	**264.4**	273.2

The accompanying notes on pages 155 to 202 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1 Authorisation of Consolidated Financial Statements and statement of compliance with IFRS

The Consolidated Financial Statements of Computacenter plc (Parent Company or the Company) and its subsidiaries (the Group) For the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 6 April 2023. The Consolidated Balance Sheet was signed on behalf of the Board by MJ Norris and FA Conophy. Computacenter plc is a limited company incorporated and domiciled in England whose shares are publicly traded.

2 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year as applied in the 2021 Annual Report and Accounts, except for the change in revenue recognition policies relating to software licences and third-party services agreements resold on a standalone basis following the finalisation of an agenda decision by the IFRS Interpretation Committee (the 'Committee') explained in note 3.2.1.

Effective for the year ending 31 December 2022

Apart from the changes discussed within note 3.2.1, no new standards, interpretations or amendments not yet effective are expected to have a material effect on the Group's financial statements.

2.1 Basis of preparation

The Consolidated Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom and in conformity with the requirements of the Companies Act 2006.

The Consolidated Financial Statements are prepared on the historical cost basis, other than derivative financial instruments, which are stated at fair value.

The Consolidated Financial Statements are presented in pound sterling (£) and all values are rounded to the nearest hundred thousand, except when otherwise indicated.

As described in note 3.2.1 and in accordance with IAS 8, a retrospective restatement of the prior year reported Financial Statements for the year to 31 December 2021 has taken place due to a change in revenue recognition policies relating to software licences and third-party services agreements resold on a standalone basis.

In determining whether it is appropriate to prepare the Financial Statements on a going concern basis, the Group prepares a three-year Plan (the 'Plan') annually by aggregating top-down expectations of business performance across the Group in the second and third year of the Plan with a detailed 12-month bottom-up budget for the first year, which was approved by the Board. The Plan is subject to rigorous downside sensitivity analysis which involves flexing a number of the main assumptions underlying the forecasts within the Plan. The forecast cash flows from the Plan are aggregated with the current position to provide a total three-year cash position against which the impact of potential risks and uncertainties can be assessed. In the absence of significant external debt, the analysis also considers access to available committed and uncommitted finance facilities, the ability to raise new finance in most foreseeable market conditions and the ability to restrict dividend payments.

The Directors have identified a period of not less than 12 months as the appropriate period for the going concern assessment and have based their assessment on the relevant forecasts from the Plan for that period.

The potential impact of the principal risks and uncertainties, as set out on pages 74 to 81 of the 2022 Annual Report and Accounts, is then applied to the Plan. This assessment includes only those risks and uncertainties that, individually or in plausible combination, would threaten the Group's business model, future performance, solvency or liquidity over the assessment period and which are considered to be severe but reasonable scenarios. It also takes into account an assessment of how the risks are managed and the effectiveness of any mitigating actions.

For the current year, the primary downside sensitivity relates to a modelled, but not predicted, severe downturn in the Group's revenues, beginning in 2023, the primary downside sensitivity relates to a modelled, but not predicted, severe downturn in Group revenues, beginning in 2023, simulating a continued impact for some of our customers from the Covid-19 crisis, a reduction in customer demand due to the current economic crisis, and ongoing impacts on the Group's revenues from supply shortages. This sensitivity analysis models a continued market downturn scenario, with slower-than-predicted recovery estimates, for some of our customers whose businesses have been affected by Covid-19 and a similar downturn occurring for the remainder of our customer base as a result of the emerging negative global macroeconomic environment due to the current economic crisis. A further impact on the Group's Technology Sourcing revenues through the second half of 2023 from possible ongoing vendor-related supply shortage issues has also been included in the sensitivity analysis.

Our cash and borrowing capacity provides sufficient funds to meet the foreseeable needs of the Parent and Group. At 31 December 2022, the Group had cash and short-term deposits of £275.1 million and bank debt, primarily related to the recently built headquarters in Germany and operations in North America, of £20.1 million. On 9 December 2022, the Group entered into a new unsecured multicurrency revolving loan facility of £200.0 million in order to rationalise its treasury operations. The new facility has a term of five years plus two one-year extension options exercisable on the first and second anniversary of the facility. The Group-specific committed facility of £60.0 million that was due to expire on 8 September 2023 was terminated and all security was released. The revolving credit facility which its subsidiary, Pivot, had with JPMorgan Chase Bank, N.A. (JPMC) of $100.0 million that was due to expire on 14 May 2024 was also repaid in full and all security was released.

The Group has a resilient balance sheet position, with net assets of £872.0 million as at 31 December 2022. The Group made a profit after tax of £184.2 million, and delivered net cash flows from operating activities of £242.1 million, for the year ended 31 December 2022.

As the analysis continues to show a strong forecast cash position, even under the severe economic conditions modelled in the sensitivity scenarios, the Directors continue to consider that the Parent and Group are well placed to manage business and financial risks in the current economic environment. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Parent and Group will be able to continue in operation and meet their liabilities as they fall due over the period of not less than 12 months from the date of signing this Annual Report and Accounts and therefore have prepared the Financial Statements on a going concern basis.

2 Summary of significant accounting policies continued

2.2 Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Parent Company and its subsidiaries as at 31 December each year. The Financial Statements of subsidiaries are prepared for the same reporting year as the Parent Company, using existing GAAP in each country of operation. Adjustments are made on consolidation for differences that may exist between the respective local GAAPs and IFRS.

All intra-Group balances, transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer retains control. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented separately from Parent shareholders' equity in the Consolidated Balance Sheet.

2.2.1 Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction or where relevant the rate of a specific forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Consolidated Balance Sheet date. All differences are taken to the Consolidated Income Statement except foreign currency differences arising from the translation of qualifying cash flow hedges, which are recognised in the Consolidated Statement of Comprehensive Income, to the extent that the hedges are effective.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

The functional currencies of the main overseas subsidiaries are euro (€), US dollar ($), Canadian dollar (CAD) and Swiss franc (CHF). The Group's presentation currency is pound sterling (£). As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date and their Consolidated Income Statements are translated at the average exchange rates for the year. Exchange differences arising on the retranslation are recognised in the Consolidated Statement of Comprehensive Income. On disposal of a foreign entity, the deferred cumulative amount recognised in the Consolidated Statement of Comprehensive Income relating to that particular foreign operation is recognised in the Consolidated Income Statement.

2.3 Revenue

Revenue is recognised when the Group's performance obligations are fulfilled to the extent of the amount which is expected to be received from customers as consideration for the transfer of goods and services to the customer.

In multi-element contracts with customers where more than one good (Technology Sourcing) or service (Professional Services and Managed Services) is provided to the customer, analysis is performed to determine whether the separate promises are distinct performance obligations within the context of the contract. To the extent that this is the case, the transaction price is allocated between the distinct performance obligations based upon relative standalone selling prices. The revenue is then assessed for recognition purposes based upon the nature of the activity and the terms and conditions of the associated customer contract relating to that specific distinct performance obligation.

The following specific recognition criteria must also be met before revenue is recognised:

2.3.1 Technology Sourcing

The Group supplies hardware, software and resold third-party services (together as 'goods') to customers that are sourced from and delivered by a number of suppliers.

Technology Sourcing revenue is recognised when the Group's performance obligations are fulfilled at a point in time when control of the goods has been transferred to the customer. Typically, customers obtain control of the goods when they are delivered to and have been accepted at their premises, depending on individual customer arrangements. Invoices are routinely generated at despatch from our Integration Centers or, in the case of direct delivery by supplier, upon receipt at customer locations. At each reporting date, a process is undertaken to ensure revenue is not recognised for goods that have not been received by customers at that reporting date. Payment for the goods is generally received on, or before, industry-standard payment terms, ordinarily within 30 days. Refer to note 3.2.2 for 'bill and hold' transactions.

Revenue is recorded based on the price specified in sales invoices, net of any agreed discounts and rebates, and exclusive of value added tax on goods supplied to customers during the year.

There are a variety of discounts and rebates provided to customers, which are assessed on a case-by-case basis as to whether the resulting payment to customers is for a distinct good or service (such as marketing) or for a promotional discount.

Technology Sourcing principal versus agent recognition

Management assesses the classification of certain revenue contracts for Technology Sourcing revenue recognition on either an agent or principal basis. Because the identification of the principal in a contract is not always clear, Management makes a determination by evaluating the nature of our promise to our customer as to whether it is a performance obligation to pass control of the specified goods or services ourselves, in that we are the principal, or to arrange for those goods or services to be provided by the other party, where we are the agent. See note 3.2.1 Technology Sourcing principal versus agent recognition for further information on this critical judgement. We determine whether we are a principal or an agent for each specified good or service promised to the customer by evaluating the nature of our promise to the customer against a non-exhaustive list of indicators that a performance obligation could involve an agency relationship:

- we do not control each specified good or service before that good or service is delivered to the customer;
- the vendor retains primary responsibility for fulfilling the sale;
- we take no inventory risk before or after the goods have been ordered, during shipping or on return;
- we do not have discretion to establish pricing for the vendor's goods, limiting the benefit we can receive from the sale of those goods; and
- our consideration is in the form of a, usually predetermined, commission.

2.3.2 Professional Services
The Group provides skilled professionals to customers either operating within a project framework or on a 'resource on demand' basis.

For contracts operating within a project framework, revenue is recognised based on the transaction price with reference to the costs incurred as a proportion of the total estimated costs (percentage of completion basis) of the contract.

For those contracts which are 'resource on demand', revenue is billed on a timesheet basis. The Group elects to use the practical expedient in IFRS 15.B16, as we have a right to consideration from our 'resource on demand' Professional Services customers in an amount that corresponds directly with the value to our customer of the Group's performance completed to date. The practical expedient applied permits the Group to recognise these 'resource on demand' Professional Services revenues in the amount to which the entity has a right to invoice. Professional Services revenue is therefore recognised throughout the term of the contract, as services are delivered, with amounts recognised based on monthly invoiced amounts, as this corresponds to the service delivered to the customer and the satisfaction of the Group's performance obligations.

Under either basis, Professional Services revenue is recognised over time. The majority of the Group's Professional Services revenue is constituted by 'expert-leasing' arrangements and recognised in this manner and represents the primary area of growth in this business line. As the majority of Professional Services revenue is recognised as 'resource on demand', the overall balance of risks to recognition for this business is decreased as compared to the scenario where the majority of Professional Services revenue would be recognised on a percentage of completion basis. This is due to the monthly timesheet nature of the billing which is agreed regularly with the customer as the service is delivered.

If the total estimated costs and revenues of a contract cannot be reliably estimated, revenue is recognised only to the extent that costs have been incurred and where the Group has an enforceable right to payment as work is being performed.

A provision for forecast excess costs over forecasted revenue is made as soon as a loss is foreseen (see note 2.12.1 for further detail).

Payment for the Services, which are invoiced monthly, is generally on industry standard payment terms.

2.3.3 Managed Services
The Group sells maintenance, support and management of customers' IT infrastructures and operations.

The specific performance obligations and invoicing conditions in our Managed Services contracts are typically related to the number of calls, interventions or users that we manage and therefore the customer simultaneously receives and consumes the benefits of the services as they are performed. The Group elects to use the practical expedient in IFRS 15.B16, as we have a right to consideration from our Managed Services customers in an amount that corresponds directly with the value to our customer of the Group's performance completed to date. The practical expedient applied permits the Group to recognise Managed Services revenue in the amount to which the entity has a right to invoice. Managed Services revenue is therefore recognised throughout the term of the contract, as services are delivered, with amounts recognised based on monthly invoiced amounts, as this corresponds to the service delivered to the customer and the satisfaction of the Group's performance obligations.

Amounts invoiced relating to more than one year are deferred and recognised over the relevant period. Payment for the services is generally on industry standard payment terms.

If the total estimated costs and revenues of a contract cannot be reliably estimated, revenue is recognised only to the extent that costs have been incurred and where the Group has an enforceable right to payment as work is being performed. A provision for forecast excess costs over forecasted revenue is made as soon as a loss is foreseen (see note 2.12.1 for further detail). On occasion, the Group may have a limited number of Managed Services contracts where revenue is recognised on a percentage of completion basis, which is determined by reference to the costs incurred as a proportion of the total estimated costs of the contract.

Costs of obtaining and fulfilling revenue contracts
The Group operates in a highly competitive environment and is frequently involved in contract bids with multiple competitors, with the outcome usually unknown until the contract is awarded and signed.

When accounting for costs associated with obtaining and fulfilling customer contracts, the Group first considers whether these costs fit within a specific IFRS standard or policy. Any costs associated with obtaining or fulfilling revenue contracts which do not fall into the scope of other IFRS standards or policies are considered under IFRS 15. All such costs are expensed as incurred other than the two types of costs noted below:

1. Win fees – The Group pays 'win fees' to certain employees as bonuses for successfully obtaining customer contracts. As these are incremental costs of obtaining a customer contract, they are deferred along with any associated payroll tax expense to the extent they are expected to be recovered. These balances are presented within prepayments in the Consolidated Balance Sheet. The win fee balance that will be realised after more than 12 months is disclosed as non-current.
2. Fulfilment costs – The Group often incurs costs upfront relating to the initial set-up phase of an outsourcing contract, which the Group refers to as Entry Into Service. These costs do not relate to a distinct performance obligation in the contract, but rather are accounted for as fulfilment costs under IFRS 15 as they are directly related to the future performance on the contract. They are therefore capitalised to the extent that they are expected to be recovered. These balances are presented within prepayments in the Consolidated Balance Sheet.

Both win fees and Entry Into Service costs are amortised on a straight-line basis over the contract term, as this is equivalent to the pattern of transfer of services to the customer over the contract term. The amortisation charges on win fees and Entry Into Service costs are recognised in the Consolidated Income Statement within administration expenses and cost of sales, respectively.

Any bid costs incurred by the Group's Central Bid Management Engines are not capitalised or charged to the contract, but instead directly charged to selling, general and administrative expenses as they are incurred. These costs associated with bids are not separately identifiable nor can they be measured reliably as the Group's internal bid teams work across multiple bids at any one time.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2 Summary of significant accounting policies continued

2.3.4 Contract assets and liabilities

A contract asset is recognised when the Group has a right to consideration for goods or services which have been transferred to the customer but have not been billed, therefore excluding receivable balances. Contract assets typically relate to longer term Professional and Managed services contracts where work has been performed but has not been invoiced to the customer, and are included within either prepayments or accrued income on the Consolidated Balance Sheet.

A contract liability is recognised when a customer pays the Group, or the Group has a right to consideration that is unconditional, before the transfer of the goods or services to which it relates. Contract liabilities typically relate to longer-term Professional and Managed services contracts where consideration has been received under agreed billing timelines for which work has yet to be performed, and are included within deferred income on the Consolidated Balance Sheet.

2.3.5 Finance income

Income is recognised as interest accrues.

2.4 Exceptional items

The Group presents those material items of income and expense as exceptional items which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand the elements of financial performance in the year, so as to facilitate comparison with prior years and to assess trends in financial performance.

2.5 Adjusted[1] measures

The Group uses a number of non-Generally Accepted Accounting Practice (non-GAAP) financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, set out below, assist in providing additional useful information on the underlying trends, performance and position of the Group. The non-GAAP measures are also used to enhance the comparability of information between reporting periods by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the Group's performance.

Consequently, non-GAAP measures are used by the Directors and Management for performance analysis, planning, reporting and incentive-setting purposes. Adjusted measures have remained consistent with the prior year except for the addition of gross invoiced income, as an alternative performance measure, due to the change in Technology Sourcing revenue accounting policy for principal versus agent recognition. Refer to note 3 for further information on the change in accounting policy.

Gross invoiced income is based on the value of invoices raised to customers, net of the impact of credit notes and excluding VAT and other sales taxes. This reflects the cash movements from revenue, to assist Management and the users of the Annual Report and Accounts in understanding revenue growth on a 'Principal' basis and to assist in their assessment of working capital movements in the Consolidated Balance Sheet and Consolidated Cash Flow Statement. This measure allows an alternative view of growth in adjusted gross profit, based on the product mix differences and the accounting treatment thereon. Gross invoiced income includes all items recognised on an agency basis within revenue, on a gross income billed to customers basis, as adjusted for deferred and accrued revenue.

These non-GAAP measures comprise: gross invoiced income, adjusted administrative expenses, adjusted operating profit or loss, adjusted profit or loss before tax, adjusted tax, adjusted profit or loss for the year, adjusted earnings per share and adjusted diluted earnings per share. They are, as appropriate, each stated before: exceptional and other adjusting items including gain or loss on acquisitions, expenses related to material acquisitions, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management does not consider these items when reviewing the underlying performance of the Segment or the Group as a whole.

A reconciliation to adjusted measures is provided on page 59 of the Group Finance Director's review which details the impact of exceptional and other adjusting items when comparing to the non-GAAP financial measures, in addition to those reported in accordance with IFRS. Further detail is also provided within note 4, Segment information.

2.6 Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. Where an asset does not have independent cash flows, the recoverable amount is assessed for the cash-generating unit (CGU) to which it belongs. These assets are tested across an aggregation of CGUs that utilise the asset. The recoverable amount is the higher of the fair value less costs to sell and the value-in-use of the asset or CGU. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the Consolidated Income Statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. As the Group has no assets carried at revalued amounts, such reversal is recognised in the Consolidated Income Statement.

2.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation, down to residual value, is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- freehold buildings: 25-50 years
- short leasehold improvements: shorter of seven years and period to expiry of lease
- fixtures and fittings:
  – head office: 5-15 years
  – other: shorter of seven years and period to expiry of lease
- office machinery and computer hardware: 2-15 years
- motor vehicles: three years

Freehold land is not depreciated. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Income Statement in the year the item is derecognised.

2.8 Leases

2.8.1 Group as lessee

Recognition of a lease

The contracts are assessed by the Group, to determine whether a contract is, or contains a lease. In general, arrangements are a lease when all of the following apply:

- it conveys the right to control the use of an identified asset for a certain period, in exchange for consideration;
- the Group obtains substantially all economic benefits from the use of the asset; and
- the Group can direct the use of the identified asset.

The Group elects to separate the non-lease components.

Measurement of a right-of-use asset and lease liability

Right-of-use asset

The Group measures the right-of-use asset at cost, which includes the following:

- the initial amount of the lease liability, adjusted for any lease payments made at or before the lease commencement date;
- any lease incentives received; and
- any initial direct costs incurred by the Group as well as an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lease contract. Cost for dismantling, removing or restoring the site on which it is located and/or the underlying asset is only recognised when the Group incurs an obligation to do so.

The right-of-use asset is depreciated over the lease term, using the straight-line method.

Lease liability

The lease liability is initially measured at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments included in the measurement comprise fixed payments, variable lease payments that depend on an index or a rate, amounts to be paid under a residual value guarantee and lease payments in an optional renewal period, if the Group is reasonably certain to exercise an extension option, as well as penalties for early termination of a lease, if the Group is reasonably certain to terminate early. If there is a purchase option present, this will be included if the Group is reasonably certain to exercise the option.

Leases of low-value assets and short term

Leases of low-value assets (<£5,000) and short term with a term of 12 months or less are not required to be recognised on the Consolidated Balance Sheet and payments made in relation to these leases are recognised on a straight-line basis in the Consolidated Income Statement.

2.8.2 Group as a lessor

The Group entered in to lease agreements as a lessor on certain items of machinery and software. Leases for which the Group is a lessor are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease term.

In cases where the Group acts as an intermediate lessor, it accounts for its interests in the head-lease and the sub-lease separately.

2.9 Intangible assets

2.9.1 Software and software licences

Software and software licences include computer software that is not integral to a related item of hardware. These assets are stated at cost less accumulated amortisation and any impairment in value. Amortisation is calculated on a straight-line basis over the estimated useful life of the asset. Currently software is amortised over four years.

The carrying values of software and software licences are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2 Summary of significant accounting policies continued

2.9.2 Software under development

Costs that are incurred and that can be specifically attributed to the development phase of management information systems for internal use are capitalised only if the expenditure can be measured reliably, the management information system is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Directly attributable costs that are capitalised typically include professional fees and cost of material/services consumed.

Capitalised development costs are recorded as intangible assets and amortised over their useful life from the point at which the management information system is ready for use.

Costs associated with maintaining in-use software programmes are recognised as an expense as incurred.

2.9.3 Other intangible assets

Intangible assets acquired as part of a business combination are carried initially at fair value. Following initial recognition intangible assets are carried at cost less accumulated amortisation and any impairment in value. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives, with charges included in administrative expenses as follows:

- order back log: within three months
- existing customer relationships: 10-15 years
- tools and technology: seven years.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable and expected useful lives are reviewed on a yearly basis.

2.9.4 Goodwill

Business combinations are accounted for under IFRS 3 Business Combinations using the acquisition method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the Consolidated Balance Sheet as goodwill and is not amortised. Any goodwill arising on the acquisition of equity-accounted entities is included within the cost of those entities.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related CGU monitored by Management, usually at business Segment level or statutory Company level as the case may be. Where the recoverable amount of the CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in the Consolidated Income Statement.

2.10 Inventories

Inventories are carried at the lower of weighted average cost and net realisable value after making allowance for any obsolete or slow-moving items. Costs include those incurred in bringing each product to its present location and condition, on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.11 Financial assets

Financial assets are recognised at their fair value, which initially equates to the sum of the consideration given and the directly attributable transaction costs associated with the investment. Subsequently, the financial assets are measured at either amortised cost or fair value, depending on their classification under IFRS 9. The Group currently holds only debt instruments. The classification of these debt instruments depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

2.11.1 Trade and other receivables

Trade receivables, which generally have 30- to 90-day credit terms, are initially recognised and carried at their original invoice amount less an allowance for any uncollectable amounts. The business model for trade receivables is that they are held for the collection of contractual cash flows, therefore they are subsequently measured at amortised cost. The trade receivables are derecognised on receipt of cash from the customer. The Group sometimes uses debt factoring, without recourse, to manage liquidity and, as a result, the business model for factored trade receivables is that they are not held for the collection of contractual cash flows. As a result, subsequent to initial recognition, they are measured at fair value through other comprehensive income (except for the recognition of impairment gains and losses and foreign exchange gains and losses, which are recognised in profit or loss).

Factored trade receivables are derecognised on receipt of cash from the factoring party. Given the short lives of the trade receivables, there are generally no material fair value movements between initial recognition and the derecognition of the receivable.

The Group assesses for doubtful debts (impairment) using the expected credit losses model as required by IFRS 9. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. Material or high-risk balances are reviewed and provided for individually based on a number of factors including:

- the financial strength of the customer;
- the level of default that the Group has suffered in the past;
- the age of the receivable outstanding; and
- the Group's trading experience with that customer.

2.11.2 Cash and cash equivalents
Cash and short-term deposits in the Consolidated Balance Sheet comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less. Cash is held for the collection of contractual cash flows which are solely payments of principal and interest and therefore is measured at amortised cost subsequent to initial recognition.

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts, where the overdrafts are repayable on demand and are part of the Group's cash management.

2.12 Financial liabilities
Financial liabilities are initially recognised at their fair value and, in the case of loans and borrowings (including credit facility), net of directly attributable transaction costs.

The subsequent measurement of financial liabilities is at amortised cost, unless otherwise described below:

2.12.1 Provisions (excluding restructuring provision)
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Customer contract provisions
Management monitors continually the financial performance of contracts, and where there are indicators that a contract could result in a negative margin, the future financial performance of that contract will be reviewed in detail. If, after further financial analysis, the full financial consequence of the contract can be reliably estimated, and it is determined that the contract is potentially loss-making, then the best estimate of the losses expected to be incurred until the end of the contract will be provided for.

In establishing if future costs are forecast to exceed the future revenue, Management will take into account the anticipated inflationary impact on the cost base, offset by any rights to increase pricing under Cost of Living Adjustment (COLA) clauses that have been incorporated in the customer contract.

The Group applies IAS 37 – 'Provisions, Contingent Liabilities and Contingent Assets' in its assessment of whether contracts are considered onerous and in subsequently estimating the provision. The Group's approach is to apply the Full cost approach which considers total estimated costs (i.e. directly attributable variable costs and fixed allocated costs) as included in the assessment of whether the contract is onerous or not and in the measurement of the provision.

A provision for onerous contracts is made as soon as a loss is foreseen and is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.12.2 Restructuring provisions
The Group recognises a restructuring provision when there is a programme planned and controlled by Management that changes materially the scope of the business or the manner in which it is conducted.

Further to the Group's general provision recognition policy, a restructuring provision is only considered when the Group has a detailed formal plan for the restructuring identifying, as a minimum: the business or part of the business concerned; the principal locations affected; the location, function and approximate number of employees who will be compensated for terminating their services; the expenditures that will be undertaken; and when the plan will be implemented. The Group will only recognise a specific restructuring provision once those affected have a valid expectation that the Group will carry out the restructuring created by either the commencement of the restructuring implementation plan or the announcement of its main features to those affected by it.

The Group only includes incremental costs associated directly with the restructuring within the restructuring provisions, such as employee termination benefits and consulting fees. The Group specifically excludes from recognition in a restructuring provision any costs associated with ongoing activities such as the costs of training or relocating employees that are redeployed within the business and costs for employees who continue to be employed in ongoing operations, regardless of the status of these operations post-restructure.

2.12.3 Pensions and other post-employment benefits
The Group operates a defined contribution pension scheme available to all UK employees and similar schemes are operating, as appropriate for the jurisdiction, for North America and Germany. Contributions are recognised as an expense in the Consolidated Income Statement as they become payable in accordance with the rules of the scheme. There are no material pension schemes within the Group's overseas operations.

The Group has an obligation to make a one-off payment to French employees upon retirement, the Indemnités de Fin de Carrière (IFC).

French employment law requires that a company pays employees a one-time contribution when, and only when, the employee leaves the company on retirement at the mandatory age. This is a legal requirement for all businesses which incur the obligation upon departure, due to retirement, of an employee.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

2 Summary of significant accounting policies continued

Typically, the retirement benefit is based on length of service of the employee and his or her salary at retirement. The amount is set via a legal minimum, but the retirement premiums can be improved by the collective agreement or employment contract in some cases. For Computacenter's French employees, the payment is based on accrued service and ranges from one month of salary after five years of service to 9.4 months of salary after 47 years of service.

If the employee leaves voluntarily at any point before retirement, all liability is extinguished, and any accrued service is not transferred to any new employment.

Management continues to account for this obligation according to IAS 19 (revised). Refer to note 33 for further disclosure.

2.13 Derecognition of financial assets and liabilities

2.13.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

2.13.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

2.14 Derivative financial instruments and hedge accounting

The Group uses foreign currency forward contracts to hedge its foreign currency risks associated with foreign currency fluctuations affecting cash flows from forecast transactions and unrecognised firm commitments.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of both the hedging instrument and the hedged item or transaction and then the economic relationship between the two, including whether the hedging instrument is expected to offset changes in cash flow of the hedged item. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows. The Group designates the full change in the fair value of the forward contract (including forward points) as the hedging instrument. Forward contracts are initially recognised at fair value on the date that the contract is entered into and are subsequently remeasured at fair value at each reporting date. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Forward contracts are recorded as assets when the fair value is positive and as liabilities when the fair value is negative.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, a highly probable forecast transaction, or the foreign currency risk in an unrecognised firm commitment.

Cash flow hedges that meet the criteria for hedge accounting are accounted for as follows: the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Consolidated Income Statement in administrative expenses.

Amounts recognised within the Consolidated Statement of Comprehensive Income are transferred to the Consolidated Income Statement, within administrative expenses, when the hedged transaction affects the Consolidated Income Statement, such as when the hedged financial expense is recognised.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the Consolidated Income Statement within administrative expenses. If the hedging instrument matures or is sold, terminated or exercised without replacement or rollover, any cumulative gain or loss previously recognised within the Consolidated Statement of Comprehensive Income remains within the Consolidated Statement of Comprehensive Income until after the forecast transaction or firm commitment affects the Consolidated Income Statement.

Any other gains or losses arising from changes in fair value on forward contracts are taken directly to administrative expenses in the Consolidated Income Statement.

2.15 Taxation

2.15.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

2.15.2 Deferred income tax
Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

Income tax is charged or credited directly to the Consolidated Statement of Comprehensive Income if it relates to items that are credited or charged to the Consolidated Statement of Comprehensive Income. Otherwise, income tax is recognised in the Consolidated Income Statement.

2.16 Share-based payment transactions
Employees (including Executive Directors) of the Group can receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the award at the date at which they are granted. The fair value is determined by utilising an appropriate valuation model, further details of which are given in note 30. In valuing equity-settled transactions, no account is taken of any performance conditions, as none of the conditions set are market-related.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest. The Consolidated Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. As the schemes do not include any market-related performance conditions, no expense is recognised for awards that do not ultimately vest.

Movements in the estimated employer's National Insurance liability related to the awards, carried on the Consolidated Balance Sheet, are recognised in the Consolidated Income Statement.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 13).

The Group has an employee share trust for the granting of non-transferable options to Executive Directors and senior Management. Shares in the Group held by the employee share trust are treated as investment in own shares and are recorded at cost as a deduction from equity (see note 29).

2.17 Own shares held
Computacenter plc shares held by the Group are classified in shareholders' equity as 'own shares held' and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

2.18 Fair value measurement
The Group measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value-related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in note 27.

2.19 IAS 20 – Accounting for government grants and disclosure of government assistance
IAS 20 defines government grants as assistance by government in the form of transfers of resources to an entity, in return for past or future compliance with certain conditions relating to the operating activities of the entity. If the conditions are met, then a company recognises government grants in profit or loss within administration expenses, in line with its recognition of the expenses that the grants are intended to compensate.

The Group has recognised unconditional government grants relating to short-term schemes introduced by governments within Europe and the United States as a result of Covid-19 crisis for the purpose of protecting employment. These grants compensate the Group for expenses incurred and are recognised in the Consolidated Income Statement on a systematic basis in the periods in which the expenses are recognised.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

3 Critical accounting estimates and judgements

The preparation of the Consolidated Financial Statements requires Management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

Due to the inherent uncertainty in making these critical judgements and estimates, actual outcomes could be different.

During the year, Management reconsidered the critical accounting estimates and judgements for the Group. This process included reviewing the last reporting period's disclosures, the key judgements required on the implementation of forthcoming standards and the current period's challenging accounting issues. Where Management deemed an area of accounting to be no longer a critical estimate or judgement, an explanation for this decision is found in note 3.3 to the Consolidated Financial Statements.

3.1 Critical estimates

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future years affected. The are no areas involving significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Critical judgements

Judgements made by Management in the process of applying the Group's accounting policies, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements, are as follows:

3.2.1 Technology Sourcing principal versus agent recognition

Management is required to exercise its judgement in the classification of certain revenue contracts for Technology Sourcing revenue recognition on either an agent or principal basis.

Because the identification of the principal in a contract is not always clear, Management will make a determination by evaluating the nature of our promise to our customer as to whether it is a performance obligation to pass control of the specified goods or services ourselves, in that we are the principal, or to arrange for those goods or services to be provided by the other party, where we are the agent.

Following its meeting that concluded on 1 December 2021, the IFRS Interpretation Committee (the Committee) published a tentative agenda decision in response to a submission from a valued added reseller to determine whether an entity should treat revenue from the resale of standard software licences on a principal or agent recognition basis under IFRS 15 Revenue from Contracts with Customers (IFRS 15).

The Committee did not reach a definitive conclusion on the submission received, as it maintained that an entity should apply judgement in making its assessment under the principles contained within IFRS 15, using the specific facts and circumstances relevant to the entity and the transactions or contracts entered into. However, the Committee did provide a number of discrete guidance points on the application of various control criteria or indicators that entities should consider under their IFRS 15 agent and principal recognition criteria processes that specifically relate to the resale of standard software and have an impact on those resellers within the industry. Computacenter plc included a preliminary assessment of the impact of the tentative agenda decision within note 3.2.1 of the 2021 Annual Report and Accounts.

At its 20 April 2022 meeting, the Committee finalised and approved its agenda decision. The International Accounting Standards Board, at its May 2022 meeting, did not object to the agenda decision.

The discussion and guidance within the approved agenda decision provides direction for the implementation of the principal or agent elements of IFRS 15 Revenue from Contracts with Customers for value-added resellers where standard standalone software and implicitly, due to the similarity in the transactional fact pattern, resold services such as maintenance contracts, extended warranties or support contracts, that are sourced from a third-party vendor and resold to a customer. As noted in our 2021 Annual Report and Accounts the approved agenda decision has impacted our existing treatment for the principal or agent recognition of these revenue streams, and whether they are recorded on a gross or net basis within revenue. Previously such sales were recognised on a principal or gross basis, apart from in certain limited instances as described in note 3.2.1 of the 2021 Annual Report and Accounts, with gross invoiced income reported as revenue, and costs of the resold software or services presented as part of cost of goods sold.

The Group has now completed its assessment of the impacts of the agenda decision and revised its accounting policies accordingly. Standalone revenue from standard software sales is now recognised on an agency or net basis where the margin earned on the contract is recognised as revenue with zero cost of goods sold. Other software revenues, particularly where the Group has performed configuration or customisation services, as part of the software sales agreement, or where the software is included alongside hardware elements within a pre-configured bundle from the vendor and resold within the pre-set bundle, continue to be recognised on a principal basis. Similarly, the Group has determined that third-party services agreements resold on a standalone basis are also recognised on an agent basis due to the similar fact pattern of the transaction to that of software sales unless these are also included alongside hardware elements within a pre-configured bundle from the vendor and resold within the pre-set bundle.

Management continues to assess the classification of other revenue contracts for Technology Sourcing revenue recognition on either an agent or a principal basis. Because the identification of the principal in a contract is, on occasion, not always clear and the level of judgement required can, in small number of instances, be high with the outcomes of assessments finely balanced, Management makes a determination by evaluating the nature of our promise to our customer as to whether it is a performance obligation to provide the specified goods or services ourselves, in that we are the principal, or to arrange for those goods or services to be provided by the other party, where we are the agent.

We determine whether we are a principal or an agent for each specified good or service promised to the customer by evaluating the nature of our promise to the customer against the following non-exhaustive list of indicators that a performance obligation could involve an agency relationship:

- we do not control each specified good or service before that good or service is delivered to the customer;
- the vendor retains primary responsibility for fulfilling the sale;
- we take no inventory risk before or after the goods have been ordered, during shipping or on return;
- we do not have discretion to establish pricing for the vendor's goods, limiting the benefit we can receive from the sale of those goods; and
- our consideration is in the form of a, usually predetermined, commission.

As a result, the Group continues to report all hardware elements of its Technology Sourcing business, along with its internally provided Managed Services and Professional Services revenues, on a principal basis.

The Group will continue to report Technology Sourcing Gross Invoiced Income and aggregated with our Services revenues as Total Group Gross Invoiced Income as an Alternative Performance Measure.

The changes in the Group's revenue accounting policies to reflect the agenda decision of the Committee have resulted in the following impact on the current year Financial Statements and, in accordance with IAS8, a retrospective restatement of the relevant prior year reported Financial Statements:

- Revenue and cost of sales decreased by the value of revenue assessed as being recognised on an agency basis by £2,581.7 million in 2022 (2021: £1,889.0 million). The retrospective application of the agenda decision resulted in a reduction of previously reported revenue and cost of sales for 2021 by £1,691.3 million.
- Gross profit, operating profit, and profit before and after taxes have remained unchanged in all periods. As a result, there is no impact on basic and diluted earnings per share.

	Previous Accounting Policy			Revised Accounting Policy		
	Gross invoiced income £m	Adjustment to gross invoiced income for income recognised as agent £m	Revenue £m	Gross invoiced income £m	Adjustment to gross invoiced income for income recognised as agent £m	Revenue £m
Year to 31 December 2021	**6,923.5**	**197.7**	**6,725.8**	**6,923.5**	**1,889.0**	**5,034.5**

3.2.2 Bill and hold

The Group generates some of its revenue through its bill and hold arrangements with its customers. These arise when the customer is invoiced but the product is not shipped to the customer until a later date, in accordance with the customer's request in a written agreement. In order to determine the appropriate timing of revenue recognition, it is assessed whether control has transferred to the customer.

A bill and hold arrangement is only put in place when a customer lacks the physical space to store the product or the product previously ordered is not yet needed in accordance with the customer's schedule and the customer wants to guarantee supply of the product. In order to determine the bill and hold arrangements, the following criteria must be met:

a) the reason for the bill and hold arrangement must be substantive (for example: the customer has requested the arrangement);
b) the product must be identified separately as belonging to the customer;
c) the product currently must be ready for physical transfer to the customer; and
d) the entity cannot have the ability to use the product or to direct it to another customer.

Judgement is required to determine if all of the criteria (a) to (d) have been met, to recognise a bill and hold sale. This is determined by segregation and readiness of inventory and the review and approval of all customer requests, in order to assess whether the accounting policy had been correctly applied to recognise a bill and hold sale.

£386.9 million of product sold is held by the Group for bill and hold transactions as at 31 December 2022 (2021: £281.9 million).

3.2.3 Exceptional items

Exceptional items remain a core focus of Management with the alternative performance measure regulations providing further guidance in this area.

Management is required to exercise its judgement in the classification of certain items as exceptional and outside of the Group's adjusted[1] results. The overall goal of Management is to present the Group's underlying performance without distortion from one-off or non-trading events regardless of whether they are favourable or unfavourable to the underlying result.

To achieve this, Management has considered the materiality, infrequency and nature of the various items classified as exceptional this year against the requirements and guidance provided by IAS 1, our Group accounting policies and regulatory interpretations and guidance.

In reaching its conclusions, Management considers not only the effect on the overall underlying Group performance but also where an item is critical in understanding the performance of its component Segments which is of relevance to investors and analysts when assessing the Group result and its future prospects as a whole.

Further details of the individual exceptional items, and the reasons for their disclosure treatment, are set out in note 8.

3.3 Change in critical estimates and critical judgements

During the year, Management reassessed the critical estimates and critical judgements.

Exceptional items have been included as a critical judgement since these are a core focus of Management when reporting alternative performance measures and require consideration of materiality, infrequency and nature of the items.

Apart from change discussed above, the critical accounting estimates and judgements reported in the Group's 2021 Annual Report and Accounts are unchanged.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

4 Segment information

The Segment information is reported to the Board and the Chief Executive Officer. The Chief Executive Officer is the Group's Chief Operating Decision Maker (CODM). The operating Segments remain unchanged from those reported at 31 December 2021.

The Segmental reporting structure is the basis on which internal reports are provided to the Chief Executive Officer, as the CODM, for assessing performance and determining the allocation of resources within the Group, in accordance with IFRS 8.25. Segmental performance is measured based on external revenues, gross profit, adjusted[1] operating profit and adjusted[1] profit before tax. As noted on page 64, Central Corporate Costs continue to be disclosed as a separate column within the Segmental note.

Segmental performance for the years ended 31 December 2022 and 31 December 2021 were as follows:

Year ended 31 December 2022

	UK £m	Germany £m	France £m	North America £m	International £m	Central Corporate Costs £m	Total £m
Revenue							
Technology Sourcing revenue							
Gross invoiced income	1,864.2	1,704.7	606.7	3,131.7	174.3	–	7,481.6
Adjustment to gross invoiced income for income recognised as agent	(1,055.1)	(551.6)	(170.9)	(773.8)	(30.3)	–	(2,581.7)
Total Technology Sourcing revenue	809.1	1,153.1	435.8	2,357.9	144.0	–	4,899.9
Services revenue							
Professional Services	147.5	315.7	41.7	122.5	9.2	–	636.6
Managed Services	312.8	374.7	136.4	26.9	83.2	–	934.0
Total Services revenue	460.3	690.4	178.1	149.4	92.4	–	1,570.6
Total revenue	1,269.40	1,843.5	613.9	2,507.3	236.4	–	6,470.5
Results							
Gross profit	259.2	325.1	76.7	238.3	47.8	–	947.1
Adjusted[1] administrative expenses	(178.7)	(184.2)	(69.6)	(185.3)	(36.5)	(23.7)	(678.0)
Adjusted[1] operating profit/(loss)	80.5	140.9	7.1	53.0	11.3	(23.7)	269.1
Net interest	2.6	(2.2)	(0.8)	(4.2)	(0.8)	–	(5.4)
Adjusted[1] profit/(loss) before tax	83.1	138.7	6.3	48.8	10.5	(23.7)	263.7
Exceptional items:							
– unwinding of discount relating to acquisition of a subsidiary							(2.0)
– costs relating to acquisition of a subsidiary							(1.8)
Total exceptional items							(3.8)
Amortisation of acquired intangibles							(10.9)
Profit before tax							249.0

The reconciliation of adjusted[1] operating profit to operating profit as disclosed in the Consolidated Income Statement is as follows:

Year ended 31 December 2022

	Total £m
Adjusted[1] operating profit	269.1
Amortisation of acquired intangibles	(10.9)
Exceptional items	(1.8)
Operating profit	256.4

Year ended 31 December 2022

	UK £m	Germany £m	France £m	North America £m	International £m	Central Corporate Costs £m	Total £m
Other Segment information							
Property, plant and equipment	29.6	40.7	5.6	11.7	6.5	–	94.1
Right-of-use assets	10.3	53.8	18.2	22.5	14.6	–	119.4
Intangible assets	49.5	17.5	10.4	250.6	14.1	–	342.1
Capital expenditure:							
Property, plant and equipment	7.2	7.8	2.2	3.9	2.6	–	23.7
Right-of-use assets	2.6	22.6	4.8	10.5	4.5	–	45.0
Software	10.5	0.5	0.3	0.1	0.4	–	11.8
Depreciation of property, plant and equipment	6.9	6.8	2.2	3.3	2.3	–	21.5
Depreciation of right-of-use assets	4.6	30.2	4.9	5.5	5.3	–	50.5
Amortisation of software	5.7	0.4	0.1	1.4	0.4	–	8.0
Share-based payments	5.9	1.9	0.1	0.7	–	–	8.6

Year ended 31 December 2021

	UK £m	Germany £m	France £m	North America £m	International £m	Central Corporate Costs £m	Total £m
Revenue (restated*)							
Technology Sourcing revenue							
Gross invoiced income	1,581.5	1,427.7	481.4	1,869.2	112.8	–	**5,472.6**
Adjustment to gross invoiced income for income recognised as agent	(638.3)	(485.1)	(98.2)	(642.9)	(24.5)	–	**(1,889.0)**
Total Technology Sourcing revenue	943.2	942.6	383.2	1,226.3	88.3	–	**3,583.6**
Services revenue							
Professional Services	154.6	273.8	38.0	77.5	8.5	–	**552.4**
Managed Services	327.6	348.6	134.0	18.6	69.7	–	**898.5**
Total Services revenue	482.2	622.4	172.0	96.1	78.2	–	**1,450.9**
Total revenue	1,425.4	1,565.0	555.2	1,322.4	166.5	–	**5,034.5**
Results							
Gross profit	268.2	312.0	68.1	180.2	39.3	–	**867.8**
Adjusted[1] administrative expenses	(165.3)	(174.2)	(64.6)	(149.2)	(28.0)	(23.7)	**(605.0)**
Adjusted[1] operating profit/(loss)	102.9	137.8	3.5	31.0	11.3	(23.7)	**262.8**
Net interest	–	(2.7)	(0.8)	(2.7)	(1.0)		**(7.2)**
Adjusted[1] profit/(loss) before tax	102.9	135.1	2.7	28.3	10.3	(23.7)	**255.6**
Amortisation of acquired intangibles							**(7.6)**
Profit before tax							**248.0**

* The comparative information is restated on account of a change in accounting policy for Technology Sourcing revenue and cost of sales, see note 3. Gross profit, operating profit, and profit before and after taxes have remained unchanged.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

4 Segment information continued

The reconciliation of adjusted[1] operating profit to operating profit as disclosed in the Consolidated Income Statement is as follows:

Year ended 31 December 2021

	Total £m
Adjusted[1] operating profit	**262.8**
Amortisation of acquired intangibles	**(7.6)**
Operating profit	**255.2**

	UK £m	Germany £m	France £m	North America £m	International £m	Central Corporate Costs £m	Total £m
Other Segment information							
Property, plant and equipment	30.4	37.7	5.3	9.2	7.4	–	**90.0**
Right-of-use assets	12.5	77.2	17.4	15.0	16.0	–	**138.1**
Intangible assets	44.6	16.5	10.2	191.4	11.0	–	**273.7**
Capital expenditure:							
Property, plant and equipment	5.2	4.4	2.1	3.6	3.5	–	**18.8**
Right-of-use assets	3.0	52.3	8.0	4.1	2.8	–	**70.2**
Software	6.1	0.2	0.1	4.6	0.5	–	**11.5**
Depreciation of property, plant and equipment	10.3	6.2	3.1	2.9	2.3	–	**24.8**
Depreciation of right-of-use assets	3.2	31.7	4.4	4.8	6.5	–	**50.6**
Amortisation of software	5.6	0.6	0.1	1.2	0.2	–	**7.7**
Share-based payments	7.4	2.1	0.3	0.7	0.1	–	**10.6**

Charges for the amortisation of acquired intangibles (where initial recognition was an exceptional item or a fair value adjustment on acquisition) are excluded from the calculation of adjusted[1] operating profit. This is because these charges are based on judgements about their value and economic life, are the result of the application of acquisition accounting rather than core operations, and whilst revenue recognised in the Consolidated Income Statement does benefit from the underlying asset that has been acquired, the amortisation costs bear no relation to the Group's underlying ongoing operational performance. In addition, amortisation of acquired intangibles is not included in the analysis of Segment performance used by the CODM.

Information about major customers

Included in revenues arising from the North American Segment are revenues of approximately £963.1 million (2021: £651.7 million) which arose from sales to the Group's largest customer.

5 Revenue

Revenue recognised in the Consolidated Income Statement is analysed as follows:

	2022 £m	2021 (Restated*) £m
Revenue by type		
Gross invoiced income	**7,481.6**	5,472.6
Adjustment to gross invoiced income for income recognised as agent	**(2,581.7)**	(1,889.0)
Technology Sourcing revenue	**4,899.9**	3,583.6
Services revenue		
Professional Services	**636.6**	552.4
Managed Services	**934.0**	898.5
Total Services revenue	**1,570.6**	1,450.9
Total revenue	**6,470.5**	5,034.5

* The comparative information is restated on account of a change in accounting policy for Technology Sourcing revenue and cost of sales, see note 3.

Contract balances

The following table provides the information about contract assets and contract liabilities from contracts with customers.

	Note	31 December 2022 £m	31 December 2021 £m
Trade receivables	20	**1,666.9**	1,239.8
Contract assets, which are included in prepayments		**23.7**	20.2
Contract assets, which are included in accrued income		**135.2**	148.1
Contract liabilities, which are included in deferred income		**273.2**	257.6

The prepayments balance within the Consolidated Balance Sheet of £149.9 million consists of £23.7 million contract assets and £126.2 million other prepayments.

The Group has implemented an expected credit loss impairment model with respect to contract assets using the simplified approach. Contract assets have been grouped on the basis of their shared risk characteristics and a provision matrix has been developed and applied to these balances to generate the loss allowance. The majority of these contract asset balances are with blue chip customers and the incidence of credit loss is low. There has therefore been no material adjustment to the loss allowance under IFRS 9. Specific provisions are made against material or high-risk balances based on trading experience or where doubt exists about the counterparty's ability to pay. The expected credit losses on contract assets which are within prepayments and accrued income are considered to be immaterial.

Significant changes in contract assets and liabilities

Contract assets are balances due from customers under long-term contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the Group's right to consideration for the services transferred to date. Amounts are generally reclassified to trade and other receivables when these have been certified or invoiced to a customer. Refer to note 2.11.1 for credit terms of trade receivables.

The increase in trade receivables mainly in the UK, Germany and North American Segments is driven by growth in revenue, as the Group experienced a particularly strong fourth quarter of the year.

Win fees, deferred contract costs and fulfilment costs are included in the prepayments balance above. The Consolidated Income Statement impact of the win fees was a recognition of a net income in 2022 of £2.7 million, with a corresponding cost to tax of £0.6 million for the year. As at 31 December 2022, the win fee balance was £11.4 million. The Consolidated Income Statement impact of fulfilment costs was a recognition of a net income in 2022 of £3.1 million, with a corresponding tax of charge of £1.1 million for the year.

As at 31 December 2022, the fulfilment costs balance was £4.9 million. No impairment loss was recorded for win fees or fulfilment costs during the year.

Revenue recognised in the reporting period from accrued income was £21.8 million, with a debit to foreign exchange of £8.9 million. No impairment loss was recorded for accrued income during the year.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was £178.4 million. No revenue was recognised in the reporting period from performance obligations that were satisfied or partially satisfied in previous periods.

Remaining performance obligations (work in hand)

Contracts which have remaining performance obligations as at 31 December 2022 and 31 December 2021 are set out in the table below. The table below discloses the aggregate transaction price relating to those remaining performance obligations, excluding both (a) amounts relating to contracts for which revenue is recognised as invoiced and (b) amounts relating to contracts where the expected duration of the ongoing performance obligation is one year or less.

Managed Services

	Less than one year £m	One to two years £m	Two to three years £m	Three to four years £m	Four years and beyond £m	Total £m
As at 31 December 2022	**729.1**	**513.2**	**374.0**	**266.7**	**226.8**	**2,109.8**
As at 31 December 2021	720.4	466.4	315.8	209.0	226.7	1,938.3

The duration of most contracts is between one and five years. However some contracts will vary from these typical lengths. Revenue is typically earned over these varying timeframes. However the majority of the revenue noted above is expected to be earned in the short term.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

6 Group operating profit

This is stated after charging/(crediting):

	2022 £m	2021 (restated*) £m
Depreciation of property, plant and equipment	**21.5**	24.8
Depreciation of right-of-use assets	**50.5**	50.6
Loss/(Gain) on disposal of property, plant and equipment	**0.5**	(1.3)
Amortisation of software	**8.0**	7.7
Loss on disposal of intangibles	**–**	0.5
Amortisation of acquired intangible assets	**10.9**	7.6
Severance costs	**1.9**	9.6
Government grants	**(1.2)**	(1.1)
Loss/(Gain) on net foreign currency differences	**0.4**	(0.3)
Costs of inventories recognised as an expense (restated*)	**4,270.0**	3,063.1

* The comparative information is restated on account of a change in accounting policy for Technology Sourcing revenue and cost of sales, see note 3. Gross profit, operating profit, and profit before and after taxes have remained unchanged.

7 Auditor's remuneration

	2022 £m	2021 £m
Auditor's remuneration:		
– Audit of the Financial Statements	**0.2**	0.1
– Audit of subsidiaries	**2.3**	1.7
Total audit fees	**2.5**	1.8
Audit-related assurance services including the review of the Interim Report and Accounts	**0.1**	0.1
Taxation compliance services	**–**	0.1
Total non-audit services	**0.1**	0.2
Total fees	**2.6**	2.0

Audit-related assurance services represent the half year review and assurance over tax, both performed by the Group's auditor KPMG LLP.

The Pivot audit for the year ended 31 December 2022 was performed by EY Canada for a fee of £0.3 million (2021: £0.5 million).

Other non-audit services and certain permissible taxation compliance services in 2021 were provided by EY, auditor of a North American subsidiary.

8 Exceptional items

	2022 £m	2021 £m
Operating profit		
Costs relating to acquisition of a subsidiary	**1.8**	–
Exceptional operating loss	**1.8**	–
Interest cost relating to acquisition of a subsidiary	**2.0**	–
Loss on exceptional items before taxation	**3.8**	–
Income tax		
Tax credit relating to acquisition of a subsidiary	**(0.2)**	–
Loss on exceptional items after taxation	**3.6**	–

Included within 2022 are the following exceptional items:

- An exceptional cost during the year of £1.8 million resulted from costs directly relating to the acquisition of BITS and Emerge. These costs primarily related to advisor's fees and seller's costs that were paid on completion of the transaction. As these costs are non-operational and unlikely to recur they have been classified as exceptional items, consistent with our prior-year treatment of acquisition costs on material transactions.
- A further £2.0 million relating to the unwinding of the discount on the contingent payment for the purchase of BITS have been classified as exceptional interest costs.
- A credit of £0.2 million arising from the tax benefit on the BITS exceptional acquisition costs has been recognised as tax on the above exceptional items. As this credit is related to the acquisition and not operational activity within BITS and is of a one-off nature, it was classified as an exceptional tax item.

9 Employee costs

The average monthly number of employees (including Executive Directors) during the year was made up as follows:

	2022 No.	2021 No.
UK	**4,434**	4,294
Germany	**6,556**	6,338
France	**2,152**	2,385
North America	**1,591**	1,359
International	**3,975**	3,120
	18,708	17,496

Their aggregate remuneration comprised:

	2022 £m	2021 £m
Wages and salaries	**999.5**	906.3
Social security costs	**142.9**	135.1
Share-based payments	**8.6**	10.6
Contributions to defined contribution plans	**22.6**	20.9
Expenses relating to defined benefit plans (note 33)	**2.2**	1.6
	1,175.8	1,074.5

Share-based payments arise from transactions accounted for as equity-settled share-based payment transactions.

10 Finance income

	2022 £m	2021 £m
Bank interest received	**1.8**	0.2
Other interest received	**0.6**	0.1
	2.4	0.3

11 Finance costs

	2022 £m	2021 £m
Interest paid on bank loans and overdraft	**0.8**	0.9
Interest paid on credit facility	**1.4**	1.2
Interest paid on lease liabilities	**4.9**	5.2
Exceptional Interest cost relating to acquisition of a subsidiary (note 8)	**2.0**	–
Other interest paid	**0.7**	0.2
	9.8	7.5

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

12 Income tax

a) Tax on profit from ordinary activities

	2022 £m	2021 £m
Tax charged in the Consolidated Income Statement		
Current income tax		
UK corporation tax	**15.1**	23.8
Foreign tax:		
– operating results before exceptional items	**49.0**	45.1
– exceptional items	**(0.2)**	–
Total foreign tax	**48.8**	45.1
Adjustments in respect of prior years	**(5.1)**	0.2
Total current income tax	**58.8**	69.1
Deferred income tax		
Operating results before exceptional items:		
– origination and reversal of temporary differences	**1.0**	(4.2)
– change in tax rates	**0.6**	(3.3)
– adjustments in respect of prior years	**4.4**	(0.1)
Total deferred income tax	**6.0**	(7.6)
Tax charge in the Consolidated Income Statement	**64.8**	61.5

b) Reconciliation of the total tax charge

	2022 £m	2021 £m
Profit before income tax	**249.0**	248.0
At the UK standard rate of corporation tax of 19 per cent (2021: 19 per cent)	**47.3**	47.1
Expenses not deductible for tax purposes	**1.2**	0.3
Non-deductible element of share-based payment charge	**2.3**	0.1
Adjustments in respect of prior years	**(0.7)**	0.1
Effect of different tax rates of subsidiaries operating in other jurisdictions	**17.6**	16.2
Change in tax rate	**0.6**	(3.3)
Other differences	**0.5**	0.3
Overseas tax not based on earnings	**1.1**	1.6
Previously unrecognised tax losses used to reduce deferred income tax expense	**(3.2)**	–
Previously unrecognised tax losses used to reduce current tax expense	**(0.9)**	–
Tax effect of income not taxable in determining taxable profit	**(1.0)**	(0.9)
At effective income tax rate of 26.0 per cent (2021: 24.8 per cent)	**64.8**	61.5

Taxation for subsidiaries operating in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions, these being a blended rate of 32 per cent in Germany (2021: 32 per cent) and a blended (Federal/State) rate of 25 per cent in the US (2021: 27 per cent), which mainly drive the 'Effect of different tax rates of subsidiaries operating in other jurisdictions' above.

c) Tax losses

Deferred income tax assets of £3.9 million (2021: £0.6 million) have been recognised in respect of losses carried forward, primarily in France. In considering the probable utilisation of the carried forward tax losses, and therefore the likely recoverability of these assets, the Group makes an assessment based upon a reasonably foreseeable timeframe, being typically up to three years, taking into account the future expected profit profile and business model of each relevant company or country. The reasonably foreseeable timeframe is derived based on the confidence the Group has in the performance of these companies or countries and therefore the reliability of forecasts over the timeframe in which the asset would be recovered. If the reasonably foreseeable timeframe is extended to five years for our French business, an additional £0.9 million of deferred income tax asset would be recognised.

As at 31 December 2022, there were further unused tax losses across the Group of £293.5 million (2021: £295.8 million) for which no deferred income tax asset has been recognised. Of these losses, £263.5 million (2021: £261.3 million) arise in France, £26.3 million (2021: £25.7 million) arise in Germany and £3.7 million (2021: £8.8 million) arise in the Netherlands. No deferred tax has been recognised on these losses due to the potential uncertainty around whether future taxable profits would be available against which these tax losses can be utilised. A significant proportion of the losses arising in Germany have been generated in statutory entities that no longer have significant levels of trade.

The Group has other timing differences, primarily in France, of £28.7 million, for which no deferred tax asset has been recognised. These timing differences mainly relate to the retirement benefit obligation which is of a long-term nature. The amount that would be recognised over our reasonably foreseeable timeframe of up to three years would therefore be immaterial.

In addition, there are unutilised capital tax losses as at 31 December 2022 of £7.4 million (2021: £7.4 million) but no deferred tax asset has been recognised as it is not considered probable that these losses will be utilised in the foreseeable future.

d) Deferred income tax

Deferred income tax as at 31 December 2022 and 31 December 2021 relates to the following:

	Consolidated Balance Sheet		Consolidated Income Statement		Consolidated Statement of Comprehensive Income	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Deferred income tax assets/(liabilities)						
Property, plant and equipment	**(3.2)**	2.8	**(5.8)**	(0.2)	**–**	–
Intangible assets	**(29.9)**	(26.6)	**(0.2)**	0.5	**–**	–
Inventories	**3.9**	4.4	**(0.9)**	3.0	**–**	–
Derivative financial instruments	**1.2**	0.2	**–**	–	**1.0**	0.2
Share-based payments	**6.8**	14.6	**(0.8)**	2.6	**–**	–
Tax losses carried forward	**3.9**	0.6	**3.2**	0.1	**–**	–
Other temporary differences	**7.9**	8.4	**(1.5)**	1.6	**–**	–
Deferred income tax (charge)/credit			**(6.0)**	7.6	**1.0**	0.2
Net deferred income tax asset/(liabilities)	**(9.4)**	4.4				

	2022 £m	2021 £m
Disclosed on the Consolidated Balance Sheet		
Deferred income tax assets	**11.3**	30.2
Deferred income tax liabilities	**(20.7)**	(25.8)
Net deferred income tax asset/(liabilities)	**(9.4)**	4.4

Deferred tax is not recognised in respect of the Group's investments in subsidiaries where Computacenter is able to control the timing of remittance, or other realisation, of unremitted earnings and where remittance or realisation is not probable in the foreseeable future.

e) Factors affecting current and future tax charge

The main rate of UK Corporation tax for financial year 2022 is 19 per cent, as enacted in the Finance Act 2020. The March 2021 Budget announced that a rate of 25 per cent will apply with effect from 1 April 2023, and this change was substantively enacted on 11 March 2021. The deferred income tax in these Consolidated Financial Statements reflects this.

We are closely monitoring the Organisation for Economic Co-operation and Development's Two Pillar Solution to address the tax challenges arising from the Digitalisation of the Economy, which are expected to come into force on 31 December 2023. The accounting implications under IAS 12 will be determined when the relevant legislation is available.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

13 Earnings per share

Earnings per share amounts are calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (excluding own shares held).

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year are considered to be dilutive potential shares.

	2022 £m	2021 £m
Profit attributable to equity holders of the Parent	**182.8**	185.3

	2022 £m	2021 £m
Basic weighted average number of shares (excluding own shares held)	**112.8**	113.0
Effect of dilution:		
Share options	**2.1**	2.2
Diluted weighted average number of shares	**114.9**	115.2

	2022 pence	2021 pence
Basic earnings per share	**162.1**	164.0
Diluted earnings per share	**159.1**	160.9

14 Dividends paid and proposed

	2022 Pence/share	2022 £m	2021 Pence/share	2021 £m
Amounts recognised as distributions to owners in the financial year				
Equity dividends on ordinary shares:				
Paid prior financial year dividend	**49.4**	**55.6**	38.4	43.4
Paid interim dividend	**22.1**	**24.9**	16.9	19.0
	71.5	**80.5**	55.3	62.4
Proposed (not recognised as a liability as at 31 December)				
Equity dividends on ordinary shares:				
Proposed final dividend at financial year end	**45.8**	**52.3**	49.4	56.4

15 Property, plant and equipment

	Freehold land and buildings £m	Short leasehold improvements £m	Fixtures, fittings, equipment and vehicles £m	Property, plant and equipment excluding right-of-use assets £m	Right-of-use assets £m	Total £m
Cost						
At 1 January 2021	87.0	33.4	154.9	275.3	207.3	482.6
Relating to acquisition of subsidiaries (note 18)	–	–	0.3	0.3	1.4	1.7
Additions	–	3.5	15.3	18.8	70.2	89.0
Disposals	–	(1.6)	(24.9)	(26.5)	(25.3)	(51.8)
Transfers	(0.5)	–	(3.1)	(3.6)	–	(3.6)
Foreign currency adjustment	(1.5)	(1.1)	(5.8)	(8.4)	(11.5)	(19.9)
At 31 December 2021	85.0	34.2	136.7	255.9	242.1	498.0
Relating to acquisition of subsidiaries (note 18)	**–**	**0.8**	**0.2**	**1.0**	**0.8**	**1.8**
Additions	**–**	**2.7**	**21.0**	**23.7**	**45.0**	**68.7**
Disposals	**–**	**(2.9)**	**(17.2)**	**(20.1)**	**(78.0)**	**(98.1)**
Transfers	**–**	**10.7**	**(12.5)**	**(1.8)**	**–**	**(1.8)**
Foreign currency adjustment	**1.1**	**3.0**	**5.6**	**9.7**	**12.3**	**22.0**
At 31 December 2022	**86.1**	**48.5**	**133.8**	**268.4**	**222.2**	**490.6**
Accumulated depreciation and impairment						
At 1 January 2021	44.9	13.3	110.1	168.3	77.7	246.0
Provided during the year	2.0	4.5	18.3	24.8	50.6	75.4
Disposals	–	(1.3)	(19.0)	(20.3)	(19.9)	(40.2)
Transfers	(0.4)	–	(1.7)	(2.1)	–	(2.1)
Foreign currency adjustment	0.1	(0.6)	(4.3)	(4.8)	(4.4)	(9.2)
At 31 December 2021	46.6	15.9	103.4	165.9	104.0	269.9
Provided during the year	**2.0**	**4.7**	**14.8**	**21.5**	**50.5**	**72.0**
Disposals	**–**	**(2.7)**	**(15.8)**	**(18.5)**	**(56.9)**	**(75.4)**
Transfers	**–**	**8.0**	**(8.5)**	**(0.5)**	**–**	**(0.5)**
Foreign currency adjustment	**0.1**	**1.9**	**3.9**	**5.9**	**5.2**	**11.1**
At 31 December 2022	**48.7**	**27.8**	**97.8**	**174.3**	**102.8**	**277.1**
Net book value						
At 31 December 2022	**37.4**	**20.7**	**36.0**	**94.1**	**119.4**	**213.5**
At 31 December 2021	38.4	18.3	33.3	90.0	138.1	228.1
At 1 January 2021	42.1	20.1	44.8	107.0	129.6	236.6

The Group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of two to 10 years, but might have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Transfers for the year ended 31 December 2022 relate to computer equipment, incorrectly classed in Computacenter AG, which have been reclassed to inventories. The net book value transferred was £1.1 million (cost of £1.5 million and accumulated depreciation of £0.4 million).

Transfers for the year ended 31 December 2022 relate to assets, incorrectly classed to fixtures, fittings, equipment and vehicles, in Computacenter France SAS, which have been reclassed to short leasehold improvements. The net book value transferred was £3.3 million (cost of £11.4 million and accumulated depreciation of £8.1 million).

Transfers for the year ended 31 December 2022 relate to assets, incorrectly classed to short leasehold improvements, in Computacenter AG & Co oHG, which have been reclassed to fixtures, fittings, equipment and vehicles. The net book value transferred was £0.9 million (cost of £0.9 million).

As at 31 December 2022, the net book value of recognised right-of-use assets relating to land and buildings was £88.9 million (2021: £82.7 million) and plant and equipment £30.5 million (2021: £55.4 million). The depreciation charge for the year relating to those assets was £22.9 million (2021: £21.0 million) and £27.6 million (2021: £29.6 million), respectively.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

16 Intangible assets

	Goodwill £m	Software £m	Acquired intangible assets: Customer relationships £m	Acquired intangible assets: Others £m	Total £m
Cost					
At 1 January 2021	165.0	109.9	112.7	22.6	410.2
Additions	2.3	11.5	–	–	13.8
Disposals	–	(9.2)	–	–	(9.2)
Transfers	–	0.6	–	–	0.6
Foreign currency adjustment	(1.4)	(0.8)	1.3	(0.5)	(1.4)
At 31 December 2021	165.9	112.0	114.0	22.1	414.0
Relating to acquisition of subsidiaries (note 18)	**10.6**	**–**	**39.5**	**1.1**	**51.2**
Additions	**–**	**11.8**	**–**	**–**	**11.8**
Disposals	**–**	**(5.7)**	**–**	**–**	**(5.7)**
Transfers	**–**	**–**	**–**	**–**	**–**
Foreign currency adjustment	**13.1**	**1.4**	**13.6**	**1.4**	**29.5**
At 31 December 2022	**189.6**	**119.5**	**167.1**	**24.6**	**500.8**
Accumulated amortisation and impairment					
At 1 January 2021	11.0	92.0	10.2	22.3	135.5
Provided during the year	–	7.7	7.5	0.1	15.3
Disposals	–	(8.7)	–	–	(8.7)
Transfers	–	0.3	–	–	0.3
Foreign currency adjustment	(0.9)	(0.9)	0.1	(0.4)	(2.1)
At 31 December 2021	10.1	90.4	17.8	22.0	140.3
Provided during the year	**–**	**8.0**	**9.6**	**1.3**	**18.9**
Disposals	**–**	**(5.8)**	**–**	**–**	**(5.8)**
Transfers	**–**	**–**	**–**	**–**	**–**
Foreign currency adjustment	**0.6**	**0.9**	**2.5**	**1.3**	**5.3**
At 31 December 2022	**10.7**	**93.5**	**29.9**	**24.6**	**158.7**
Net book value					
At 31 December 2022	**178.9**	**26.0**	**137.2**	**–**	**342.1**
At 31 December 2021	155.8	21.6	96.2	0.1	273.7
At 1 January 2021	154.0	17.9	102.5	0.3	274.7

17 Impairment testing of goodwill, other intangible assets and other non-current assets

Goodwill acquired through business combinations has been allocated to the following CGUs:

- Computacenter (UK) Limited
- Computacenter Germany
- Computacenter AG
- Computacenter Belgium
- Computacenter United States Inc. (formerly Fusionstorm)
- Computacenter Netherlands (formerly Misco Solutions B.V.)
- PathWorks GmbH
- Pivot Technology Solutions, Inc. (Pivot) USA CGU
- Pivot Technology Solutions, Inc. (Pivot) Canada CGU
- ITL logistics GmbH
- Emerge CGU
- Business IT Source Holdings, Inc (BITS)

These represent the lowest level within the Group at which goodwill is monitored for internal Management purposes. Certain other corporate assets are unable to be allocated against specific CGUs. These assets are tested across an aggregation of CGUs that utilise the asset.

Movements in goodwill

	CC* (UK) Limited £m	CC* Germany £m	CC* AG** £m	CC* Belgium £m	CC* US, Inc £m	CC* Netherlands £m	PathWorks GmbH £m	Pivot Technology Solutions, Inc (USA CGU) £m	Pivot Technology Solutions, Inc (Canada CGU) £m	ITL logistics GmbH £m	Emerge £m	Business IT Source Holdings £m	Total £m
1 January 2021	35.0	16.1	3.3	1.5	36.6	3.3	3.2	50.1	4.9	–	–	–	154.0
Relating to acquisition of subsidiaries	1.4	–	–	–	–	–	–	–	–	0.9	–	–	2.3
Foreign currency adjustment	–	(1.1)	(0.1)	(0.1)	0.4	(0.2)	(0.1)	0.6	0.1	–	–	–	(0.5)
31 December 2021	36.4	15.0	3.2	1.4	37.0	3.1	3.1	50.7	5.0	0.9	–	–	155.8
Relating to acquisition of subsidiaries											**2.1**	**8.5**	**10.6**
Foreign currency adjustment	–	**0.8**	**0.3**	**0.1**	**4.4**	**0.2**	**0.3**	**5.8**	**0.6**	**0.1**	–	**(0.1)**	**12.5**
31 December 2022	**36.4**	**15.8**	**3.5**	**1.5**	**41.4**	**3.3**	**3.4**	**56.5**	**5.6**	**1.0**	**2.1**	**8.4**	**178.9**
Market growth rate	1.6%	1.3%	1.6%	1.6%	1.9%	1.6%	1.6%	1.9%	1.9%	1.3%	1.8%	2.0%	
Discount rate (pre tax)	17.1%	14.1%	11.9%	15.9%	15.4%	11.5%	12.1%	13.3%	17.0%	13.6%	14.2%	16.0%	
Discount rate (post tax)	12.7%	9.9%	10.4%	11.8%	11.0%	8.8%	10.4%	10.1%	12.7%	9.9%	10.9%	12.0%	

* CC – Computacenter.

** On the 1st January 2022, clTius AG was merged into Computacenter AG to consolidate activity of the group in Switzerland and reduce management time in overseeing the two entities in this region. The above figures for Computacenter AG therefore include the previous clTius goodwill balance.

Key assumptions used in value-in-use calculations

The recoverable amounts of all CGUs have been determined based on a value-in-use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior Management covering a three-year period and on long-term market growth rates of between 1.3 per cent and 1.9 per cent (2021: between 1.7 per cent and 2.3 per cent) thereafter.

Key assumptions used in the value-in-use calculation for all CGUs for 31 December 2022 and 31 December 2021 are:

- budgeted revenue, which is based on long-run market growth forecasts and taking into account forecast inflation;
- budgeted gross margins, which are based on average gross margins achieved in the year immediately before the budgeted year, adjusted for expected long-run market pricing trends and taking into account forecast inflation; and
- the discount rate applied to cash flow projections ranges from 10.1 per cent to 12.7 per cent (2021: 7.1 per cent to 13.0 per cent) which represents the Group's post-tax measure estimating the weighted-average cost of capital based on the rate of government bonds in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect the increased risk of investing in equities generally.

Each CGU generates value substantially in excess of the carrying value of goodwill attributed to each one. Management therefore believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Foreseeable costs for achieving planned reductions in Scope 1 and 2 greenhouse gas emissions have been included as assumptions within the forecast models used to assess impairment. These include the cost of transition to green energy and the purchase of carbon offset credits within our baseline financial forecasts. The costs of longer-term planned reductions in Scope 3 emissions have also been considered when making these assessments, although specific costs are not usually as available for direct input into the forecast models. Reductions in Scope 3 emissions will be achievable primarily through the greenhouse gas reduction programmes of our key vendors, where the vast majority of the emissions in the value-chain occur.

Other acquired intangible assets

Other acquired intangible assets consist of customer relationships, order back log and tools and technology. The expected useful lives are shown in note 2.

Other non-current assets

When there is an indication of impairment within a CGU, the carrying values of the non-current assets are compared to their recoverable amount, which is the higher of the assets' fair value less costs of disposal or the value-in-use of the CGU calculated as described above.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

18 Investments

a) Investment in associate

The following table illustrates summarised information of the investment in associates:

	2022 £m	2021 £m
Cost		
At 1 January and 31 December	**0.1**	0.1
Impairment		
At 1 January and 31 December	**–**	–
Carrying value	**0.1**	0.1

Gonicus GmbH

The Group has a 20 per cent (2021: 20 per cent) interest in Gonicus GmbH, whose principal activity is the provision of open-source software. Gonicus is a private entity, incorporated in Germany, that is not listed on any public exchange and therefore there is no published quotation price for the fair value of this investment. The reporting date of Gonicus is 31 December.

b) Investment in subsidiaries

The Group's subsidiary undertakings are as follows:

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held 2022	2021
Computacenter Pty Ltd.	Australia[1]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter Services Australia Pty Ltd.	Australia[2]	IT infrastructure services	**100%[i]**	–
Computacenter NV/SA	Belgium[3]	IT infrastructure services	**100%[vi]**	100%[vi]
Computacenter Brasil Importacao, Comercio e Servicos Ltda	Brazil[4]	IT infrastructure service	**100%[i]**	–
Computacenter TeraMach Inc.	Canada[5]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter Pivot Hong Kong Limited	China[7]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter Services Hong Kong Limited	China[8]	IT infrastructure services	**100%[i]**	–
Computacenter (UK) Limited	England[9]	IT infrastructure services	**100%**	100%
R.D. Trading Limited	England[10]	IT infrastructure services	**95%[vii]**	95%[vii]
Pivot Solutions International (UK) Ltd.	England[11]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter France SAS	France[12]	IT infrastructure services	**100%**	100%
Computacenter NS	France[12]	IT infrastructure services	**100%[iv]**	100%[iv]
Computacenter AG & Co oHG	Germany[13]	IT infrastructure services	**100%**	100%
Computacenter Aktiengesellschaft	Germany[14]	IT infrastructure services	**100%**	100%
Computacenter Management GmbH	Germany[14]	IT infrastructure services	**100%**	100%
Computacenter Managed Services GmbH	Germany[14]	IT infrastructure services	**100%**	100%
Computacenter Germany AG & Co oHG	Germany[15]	IT infrastructure services	**100%[ii]**	100%[ii]
Computacenter Holding GmbH	Germany[15]	IT infrastructure services	**100%**	100%
Alfatron GmbH Elektronik – Vertrieb	Germany[15]	IT infrastructure services	**100%[ii]**	100%[ii]
C'NARIO Informationsprodukte Vertriebs-GmbH	Germany[15]	IT infrastructure services	**100%[ii]**	100%[ii]
E'ZWO Computer vertriebs	Germany[15]	IT infrastructure services	**99.09%[ii]**	99.09%[ii]
ITL logistics GmbH	Germany[16]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter Ireland Limited	Ireland[17]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter Services Ireland Limited	Ireland[18]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter Japan K.K.	Japan[19]	IT infrastructure services	**100%[i]**	–
Computacenter B.V.	Netherlands[20]	IT infrastructure services	**100%**	100%
Computacenter Services Singapore Pte. Ltd.	Singapore[21]	IT infrastructure services	**100%**	–
Computacenter Singapore Pte. Ltd.	Singapore[22]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter (Pty) Limited	South Africa[23]	IT infrastructure services	**100%[i]**	100%[i]
Computacenter AG	Switzerland[24]	IT infrastructure services	**100%**	100%
Computacenter TS GmbH	Switzerland[25]	IT infrastructure services	**100%[iii]**	100%[iii]
Computacenter United States Inc.	USA[26]	IT infrastructure services	**100%[v]**	100%[v]
FusionStorm Acquisition Corp.	USA[26]	IT infrastructure services	**100%[v]**	100%[v]
FusionStorm International Inc.	USA[26]	IT infrastructure services	**100%[v]**	100%[v]
Computacenter Holdings Inc.	USA[26]	IT infrastructure services	**100%**	100%

Name	Country of incorporation	Nature of business	Proportion of voting rights and shares held 2022	2021
Business IT Source Holdings, Inc.	USA[27]	IT infrastructure services	**100%[v]**	–
Pivot Technology Solutions, Ltd.	USA[28]	IT infrastructure services	**100%[v]**	100%[v]
Pivot Technology Services Corp.	USA[28]	IT infrastructure services	**100%[v]**	100%[v]
ARC Acquisition (US), Inc.	USA[29]	IT infrastructure services	**100%[v]**	100%[v]
ProSys Information System Inc. (WBE)	USA[28]	IT infrastructure services	**46.4%[viii]**	44.9%[viii]
Applied Computer Solutions (WBE)	USA[30]	IT infrastructure services	**40%[ix]**	40%[ix]
Digica Group Finance Limited	England[9]	Investment property	**100%[i]**	100%[i]
Computacenter Immobilien GmbH	Germany[13]	Investment property	**100%[ii]**	100%[ii]
Computacenter Information Technology (Shanghai) Company Limited	China[31]	International call centre services	**100%[i]**	100%[i]
Computacenter Services Kft	Hungary[32]	International call centre services	**100%[i]**	100%[i]
Computacenter India Private Limited	India[33]	International call centre services	**100%[vi]**	100%[vi]
Computacenter Services (Malaysia) Sdn. Bhd	Malaysia[34]	International call centre services	**100%[i]**	100%[i]
Computacenter México S. A. de C.V.	Mexico[35]	International call centre services	**100%[vi]**	100%[vi]
Pivot of the Americas, S. A. de C.V.	Mexico[36]	International call centre services	**100%[i]**	100%[i]
Computacenter Poland sp. Z.o.o.	Poland[37]	International call centre services	**100%[i]**	100%[i]
Computacenter Services S.R.L.	Romania[38]	International call centre services	**87.47%[i]**	90%[i]
Computacenter Services (Iberia) SLU	Spain[39]	International call centre services	**100%[i]**	100%[i]
FusionStorm Netherlands Cooperatief	Netherlands[40]	Financial holdings	**100%[v]**	100%[v]
Computacenter Quest Trustees Limited	England[9]	Employee share scheme trustees	**100%[i]**	100%[i]
Computacenter Trustees Limited	England[9]	Employee share scheme trustees	**100%[i]**	100%[i]
Allnet Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Amazon Computers Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Amazon Energy Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Amazon Systems Limited	England[9]	Dormant company	**100%[i]**	100%[i]
CAD Systems Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Compufix Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter (FMS) Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter (Management Services) Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter (Mid-Market) Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter Distribution Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter Leasing Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter Maintenance Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter Overseas Holdings Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter Services Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter Software Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter Solutions Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computacenter Training Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computadata Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Computer Services Group Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Digica Group Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Digica Group Holdings Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Digica SMP Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Digica (FMS) Limited	England[9]	Dormant company	**100%[i]**	100%[i]
ICG Services Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Kit Online Limited	England[9]	Dormant company	**100%[i]**	100%[i]
M Services Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Merchant Business Systems Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Merchant Systems Limited	England[9]	Dormant company	**100%[i]**	100%[i]
Logival (SARL)	France[12]	Dormant company	**100%[iv]**	100%[iv]
Damax GmbH	Switzerland[24]	Dormant company	**100%[iii]**	100%[iii]
Computacenter (US) Defense Inc.	USA[26]	Dormant company	**100%[v]**	100%[v]

Computacenter plc is the ultimate Parent entity of the Group

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For the year ended 31 December 2022

18 Investments continued

i Includes indirect holdings of 100 per cent via Computacenter (UK) Limited
ii Includes indirect holdings of 100 per cent via Computacenter Holding GmbH, excludes E'ZWO Computervertriebs which is 99.09 per cent
iii Includes indirect holdings of 100 per cent via Computacenter AG
iv Includes indirect holdings of 100 per cent via Computacenter France SAS
v Includes indirect holdings of 100 per cent via Computacenter (U.S.) Inc.
vi Includes indirect holdings of 1 per cent via Computacenter (UK) Limited
vii Includes indirect holdings of 95 per cent via Computacenter (UK) Limited
viii Includes indirect holdings of 46.4 per cent via Pivot Technology Services Corp.
ix Includes indirect holdings of 40 per cent via Pivot Technology Services Corp.

[1] Tower 2, Darling Park, 201 Sussex Street, Sydney, New South Wales 2000, Australia
[2] Suite 2003, 109 Pitt Street, Sydney NSW 2000, Australia
[3] Ikaroslaan 31, B-1930 Zaventem
[4] Rua Cel Jose Eusebio, nº 95, Conj 13 CEP 01239-030, Higlenópolis, São Paulo, Brazil
[5] 1130 Morrison Drive, Suite 105, Ottawa, ON K2H 9N6 Canada
[7] Unit 2, 10/F, NEO, 123 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
[8] Rooms 1001-03, 10/F Wing on Kowloon Centre, 345 Nathan Road, Kowloon, Hong Kong
[9] Hatfield Avenue, Hatfield, Hertfordshire AL10 9TW
[10] Tekhnicon, Springwood, Braintree, Essex CM7 2YN
[11] 25 Canada Square, Level 37, London, United Kingdom, E14 5LQ
[12] 229 rue de la Belle Etoile, ZI Parid Nord II, BP 52387, 95943 Roissy CDG Cedex
[13] Computacenter Park 1, 50170 Kerpen, Germany
[14] Kattenbug 2, 50667 Koln
[15] Werner-Eckert-Str. 16 – 18, 81829 Munchen
[16] Trias Gewerbepark, Lohstrasse 25 b, Schwaig D-85445
[17] Skybridge House, Corballis Road North, Dublin Airport, Swords, Co. Dublin, K67P6K2
[18] 6th Floor, 2 Grand Canal Square, Dublin 2, Dublin D02A342, Ireland
[19] Cross Office Mita 601, 5-29-20, Shiba, Minato-ku, Tokyo, 108-0014, Japan
[20] Gondel 1, 1186 MJ Amstelveen, Netherlands
[21] 51 Changi Business Park, Central 2, #04-05 The Signature, Sinapore 486066
[22] 4 Battery Road, #25-01 Bank of China Building, Singapore 049908
[23] Klein D'Aria Estate, 97 Jip de Jager Drive, Belville, 7535, Cape Town
[24] Riedstrasse 14, CH-8953 Dietikon
[25] Luzernerstrasse 52c, CH 6025 Neudorf
[26] 1 University Ave, Suite 102, Westwood, MA 02090
[27] 850 Asbury Drive, Buffalo Grove, IL 60089
[28] 6025 The Corners Parkway, Suite 100, Norcorss, GA 30092
[29] 900 Arion Pkwy, Suite 110, San Antonio, TX 78216
[30] 15461 Springdale Street, Huntington Beach, CA 92649
[31] Unit 229, Block 2, Building 1, Huanhu West 2nd Road no. 888 Nanhui New Town, Putong District Shanghai
[32] Haller Gardens, Building D. 1st Floor, Soroksari ut 30 – 34, Budapest 1095
[33] 4th Floor, Purva Premiere, Residency Road, Bangalore 560025
[34] Level 9, Tower 1, Puchong Financial Corporate Centre, Jalan Puteri 1/2, Bandar Puteri 47100 Puchong, Selangor Darul Ehsan
[35] Av. Paseo de la Reforma, No.412 floor 5, Col.Juarez, Delegacion Cuauhtemoc, CP06600, Mexico City
[36] Presa de la Angostura 23 PB, Colonia Irrigacion 11500, Distrito Federal, Mexico City
[37] Ul. Glogowska 31/33, 60 – 702, Poznan, Poland
[38] "Stables Office", 20A Onisifor Ghibu, Record Park, Cluj-Napoca, CJ 400185 Romania
[39] Carrer de Sancho De Avila 52 – 58, 08018, Barcelona
[40] Prins Bernhardplein 200, 1097JB Amsterdam

c) Computacenter Japan K.K formerly Emerge 360 Japan k.k (Emerge Japan)

On 25 May 2022, the Group acquired 100 per cent of the share capital in Emerge 360 Japan k.k (Emerge Japan) from Emerge 360, Inc., for a cash consideration of $3.5 million. The acquistion-related costs amounting to £0.1 million are included in the Consolidated Income Statement. Emerge Japan is an IT Outsourcing Services provider based in Tokyo, Japan. The business has presence in Japan, Singapore, Australia and Hong Kong. The acquisition has been accounted for using the purchase method of accounting.

d) Business IT Source Holdings, Inc.

On 1 July 2022 the Group acquired 100 percent of the voting shares of Business IT Source Holdings, Inc. (BITS) for a cash consideration of $32.0 million and a contingent consideration of $44.4 million. The acquistion-related costs amounting to £1.7 million are included in the Consolidated Income Statement. BITS is one of the fastest-growing, value-added resellers in the United States of America. Two further earn-out payments in April 2023 and April 2024 are contingent on the future performance of the acquired business through to 31 December 2023. The value of these contingent payments has been determined in accordance with the share purchase agreement. The acquisition has been accounted for using the purchase method of accounting.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed, at the date of acquisition:

	Fair value to the Group 2022 £m
Property, plant and equipment (including right-of-use assets)	1.8
Customer relationship and order book	40.6
Deferred income tax assets	0.3
Inventories	37.8
Trade and other receivables	37.3
Prepayments	0.2
Cash and short-term deposits	0.8
Bank overdraft	(0.2)
Trade and other payables	(58.6)
Financial liabilities	(3.2)
Lease liabilities	(0.8)
Income tax payable	(1.2)
Net assets acquired	54.8
Goodwill arising on acquisition	8.5
	63.3
Discharged by:	
Cash consideration	26.6
Contingent consideration	36.7
	63.3
Cash paid on acquisition	26.6
Cash and cash equivalents acquired:	
Cash and short-term deposits	0.8
Bank overdraft	(0.2)
Cash outflow on acquisition	**26.0**

The initial accounting for the acquisition of BITS is expected to be final apart from customer relationship and tax balances which have only been provisionally determined at the date of finalisation of these Consolidated Financial Statements based on Management's best estimates.

Deferred tax liabilities on goodwill, customer relationship intangibles, and order book intangibles, arising on the acquisition, have not been recognised. These are either expected to be deductible for US tax purposes, or recognised on post-acquisition movement, as tax benefits are claimed, due to a difference between the tax and accounting base. A deferred tax liability will therefore be recognised in future periods.

Measurement of fair values

Customer relationship and order book has been valued using the income approach (excess earnings) valuation technique. This approach states that the value of an intangible asset is given by the present value of the earnings it generates, net of a reasonable return on other assets also contributing to that stream of earnings (contributory asset charges).

The trade receivables comprised gross amounts due of $41.3 million, against which an allowance for expected credit losses of $0.3 million was made at the date of acquisition. The rest of the assets have been valued using market comparison and cost technique. This approach considers market prices for similar items when they are available, and depreciated replacement cost when appropriate.

Management has to make certain assumptions in determining the fair value of customer relationships. If new information becomes available within one year about facts and circumstances that existed at the date of acquisition which identifies adjustments to this, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

From the date of acquisition to 31 December 2022, BITS contributed £184.6 million to the Group's revenue, £7.2 million to adjusted[1] operating profit and £7.0 million to adjusted[1] profit after tax.

Contingent consideration

Contingent consideration, with an initial fair value of $44.4 million based on BITS's adjusted EBITDA growth and indebtedness, is payable over a two-year earn-out period to 2024. The initial fair value reflects the discounted value of estimated payments, measured at the time of acquisition, and reflects management's estimate of future performance at that time. Remeasurement of contingent consideration reflecting changes after the acquisition date will be recorded in profit or loss. Management's projected estimate was based on BITS's 2022 and 2023 EBITDA and indebtedness forecast.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

18 Investments continued

The fair value is based on unobservable inputs and the projected outcome is classified as a level 3 fair value estimate under the IFRS fair value hierarchy. The potential undiscounted amount of all future payments in respect of contingent consideration that the Group could be required to make under the contingent consideration arrangement is $52.1 million. The arrangement has a number of elements which only become payable on the achievement of specific performance targets.

e) Acquisitions in previous period

In 2022, no changes were recorded to the fair values of ITL logistics GmbH (ITL) and the 4.99 per cent of the voting shares in R.D. Trading Limited (RDC), both of which were acquired in 2021.

f) Pivot Technology Solutions Inc. (Pivot)

Applied Computer Solutions (ACS)

ACS is a 40 per cent-owned affiliate of a Pivot subsidiary, whose principal office is located in Huntington Beach, California, USA. Despite not owning a majority of the voting rights, Computacenter controls this entity through a Pivot subsidiary for accounting purposes, based on the following facts and circumstances:

- Pivot has the right in its sole discretion to either acquire, at any time, shares of ACS that it does not already own, or to designate a different owner to purchase the shares provided such transfer(s) are in compliance with applicable Women Business Enterprise (WBE) requirements;
- Pivot has multiple representatives on the ACS board of directors;
- any significant decisions made at ACS requires the approval of the ACS board of directors and/or shareholders, including board changes, payment of dividends, mergers or acquisitions, material changes to compensation, incurring debt in excess of $0.1 million, causing any material change in the business, and/or assignment or termination of any material agreement; and
- Pivot receives the majority of the benefits from the activities of ACS.

	2022 $m	2021 $m
Current assets	**23.6**	60.0
Non-current assets	**17.2**	16.4
Current liabilities	**34.7**	6.8
Non-current liabilities	**0.6**	0.2
Revenue	**245.5**	206.5
Total comprehensive income (loss)	**1.7**	2.8
% interest held	**40%**	40%

ProSys Information Systems, Inc (ProSys)

ProSys is a 46.4 per cent-owned affiliate of a Pivot subsidiary, whose principal office is located in Norcross, Georgia, USA. Despite not owning a majority of the voting rights, Computacenter controls this entity through a Pivot subsidiary for accounting purposes based on the following facts and circumstances:

- Pivot has the right to either acquire, at any time, the remaining shares of ProSys it does not already own or to designate a different owner to purchase the shares provided such transfer(s) are in compliance with applicable WBE requirements;
- Pivot is represented on the ProSys board of directors and any significant decisions made at ProSys requires the approval of the board of directors and/or shareholders, including changes to its board of directors, payment of dividends, mergers or acquisitions, material changes to compensation, incurring debt in excess of $0.1 million, causing any material change in the business, and/or assigning or termination of any material agreement; and
- Pivot receives the majority of the benefits from the activities of ProSys.

	2022 $m	2021 $m
Current assets	**186.0**	197.9
Non-current assets	**19.5**	13.2
Current liabilities	**186.9**	185.8
Non-current liabilities	**9.8**	12.0
Revenue	**709.6**	677.1
Total comprehensive income (loss)	**1.8**	1.7
% interest held	**46.4%**	46.4%

19 Inventories

	2022 £m	2021 £m
Inventories for re-sale	**417.7**	341.3

20 Trade and other receivables

	2022 £m	2021 £m
Trade receivables before provisions	**1,689.6**	1,265.2
Allowance for expected credit losses	**(6.7)**	(7.8)
Provision for credit notes	**(16.0)**	(17.6)
Trade receivables	**1,666.9**	1,239.8
Other receivables	**46.3**	35.4
	1,713.2	1,275.2

Trade receivables are non-interest bearing and are generally on 30- to 90-day credit terms. Note 27 sets out the Group's strategy towards credit risk.

Other receivables generally arise from transactions outside the usual operating activities of the Group and comprise tax receivables (VAT, GST, franchise taxes, and sales and use taxes) of £27.6 million (2021: £24.4 million) and other receivables of £18.7 million (2021: £11.0 million).

The movements in the allowance for expected credit losses were as follows:

	2022 £m	2021 £m
At 1 January	**7.8**	7.8
Relating to acquisition	**0.3**	–
Charge for the year	**4.8**	7.5
Utilised	**(0.7)**	(0.4)
Unused amounts reversed	**(5.9)**	(6.9)
Foreign currency adjustment	**0.4**	(0.2)
At 31 December	**6.7**	7.8

The following table provides information about the expected credit losses allowance determined upon applying the simplified Expected Credit Loss (ECL) model under IFRS 9:

			Past due but not impaired				
	Total £m	Neither past due nor impaired £m	<30 days £m	30–60 days £m	60–90 days £m	90–120 days £m	>120 days £m
2022							
Expected loss rate	**0.4%**	**0.1%**	**0.3%**	**0.4%**	**3.6%**	**4.7%**	**8.8%**
Gross carrying amount	**1,689.6**	**1,327.2**	**223.5**	**75.3**	**22.4**	**12.7**	**28.5**
Provision	**6.7**	**1.9**	**0.6**	**0.3**	**0.8**	**0.6**	**2.5**
2021							
Expected loss rate	0.6%	0.2%	0.4%	0.6%	3.4%	15.4%	20.4%
Gross carrying amount	1,265.2	1,046.4	133.5	32.6	31.9	11.0	9.8
Provision	7.8	2.2	0.6	0.2	1.1	1.7	2.0

Year-on-year fluctuations in the ECL model percentages are due to changes to the mix of customers and their associated credit history, coupled with the impact of known specific deal transactions which may or may not attract greater risk weighting in the ECL calculations.

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For the year ended 31 December 2022

21 Cash and cash equivalents

	2022 £m	2021 £m
Cash and short-term deposits	**275.1**	285.2
Bank overdraft	**(10.7)**	(12.0)
Cash and cash equivalents in the consolidated cash flow statement	**264.4**	273.2

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £264.4 million (2021: £273.2 million).

During the year ended 31 December 2022, the Group continued to maintain strong cash generation and finance its operational requirements from its cash balance. The overdraft facilities are retained by the Group and can be used upon requirement. The uncommitted overdraft facilities available to the Group are £13.3 million as at 31 December 2022 (2021: £13.3 million).

Expected credit loss on cash and cash equivalents is negligible and therefore no provision is held.

22 Trade and other payables

	2022 £m	2021 £m
Trade payables	**1,320.5**	989.3
Accruals	**305.9**	252.3
Social Security and other taxes	**123.9**	116.9
Other payables	**68.3**	51.9
Contingent consideration – note 18(d)	**38.9**	–
	1,857.5	1,410.4

Trade payables are non-interest bearing and are normally settled on net monthly terms.

The Group's subsidiary, BITS, has an arrangement through Wells Fargo for a short-term extended supplier interest bearing credit facility. $2.5 million of this facility was used as at 31 December 2022. The rest of the Group had no short-term supplier extended-term interest-bearing credit facilities (2021: nil).

Other payables, which principally relate to other taxes, social security costs and accruals, are non-interest bearing and have an average term of one to three months.

The Group regularly participates in industry standard vendor rebate plans, primarily relating to volume discounts on purchases, often paid retrospectively. Rebates are factored into the calculation of the purchase cost of inventory valuations. Owing to the nature of these rebate plans, the calculation of rebates is not subject to significant estimation uncertainty, nor is their recognition a matter of significant judgement.

23 a) Financial liabilities

	2022 £m	2021 £m
Current		
Bank loans	**2.6**	5.4
Credit facility	**–**	7.0
Other loans	**4.9**	2.7
	7.5	15.1
Non-current		
Bank loans	**7.8**	9.8
Other loans	**4.8**	6.9
	12.6	16.7
	20.1	31.8

There are no material differences between the fair value of financial liabilities and their book value.

Bank loans

The Group has one principal bank loan:

- A total loan of €38.5 million was drawn at various stages between December 2017 and July 2018 to finance the fit out of the new German headquarters building and Integration Center in Kerpen. Further details are shown below:
  - €8.0 million drawn in December 2017, with a fixed interest rate at 1.65 per cent per annum. The remaining balance of loan of €1.6 million was fully repaid during 2022.
  - €8.9 million drawn in December 2017 carries fixed interest rate at 1.95 per cent per annum. The balance on this loan as at 31 December 2022 was €4.5 million. Repayments commenced in H1 2018 and will continue for five years;
  - €8.5 million drawn in July 2018, carries fixed interest rate at 0.95 per cent per annum. The balance on this loan as at 31 December 2022 was €0.5 million. Repayments commenced in H2 2018 and will be repaid by June 2023; and
  - €13.1 million taken out in 2018, carries fixed interest rate at 0.75 per cent per annum. The balance on this loan as at 31 December 2022 was €6.7 million. Repayments commenced in H2 2018 and will continue for five years.
- Computacenter China had a loan of £0.6 million at 31 December 2021 which was fully repaid during 2022.

For movement in bank loans refer to note 31 analysis of changes in net funds.

Other loans

Pivot

Prior to acquisition, Pivot entered into a five-year contract with a customer to provide an infrastructure-as-a-service arrangement starting in October 2020. At the same time, Pivot entered into a separate payment agreement for $17.3 million to fund the majority of the components required by the customer. This payment agreement is with the vendor supplying the hardware components of the arrangement, with repayment terms aligned with those in the contract with the customer. The payment agreement with the vendor is an unsecured payable incurring nil interest charges. The balance at end of the year was $9.3 million (£7.7 million).

BITS

The recently acquired BITS subsidiary came with a flooring arrangement with Wells Fargo. There was $2.5 million interest bearing debt relating to supplier invoices as at 31 December 2022 with an interest rate of 6.08 per cent.

Credit facility

The Pivot subsidiary had a revolving credit facility with JPMorgan Chase Bank of $100.0 million which was senior secured, asset based. This was repaid in full during 2022 and all security was released.

On 9 December 2022, the Group entered into a new unsecured multicurrency revolving loan facility of £200.0 million in order to rationalise its treasury operations. The new facility has a term of five years plus two one-year extension options exercisable on the first and second anniversary of the facility. The Group-specific committed facility of £60.0 million that was due to expire on 8 September 2023 was terminated and all security was released. The revolving credit facility which its subsidiary, Pivot, had with JPMorgan Chase Bank, N.A. (JPMC) of $100.0 million that was due to expire on 14 May 2024 was also repaid in full and all security was released. The new facility was not used as at end of the year.

23 b) Lease liabilities

	2022 £m	2021 £m
At 1 January	**146.1**	137.5
Additions during the year	**45.0**	70.2
Relating to acquisition of a subsidiary	**0.8**	1.4
Gross payment of lease liabilities	**(55.2)**	(55.4)
Interest relating to lease liabilities	**4.9**	5.2
Early terminations during the year	**(22.0)**	(5.3)
Exchange adjustment	**7.5**	(7.5)
At 31 December	**127.1**	146.1
Current	**36.9**	43.0
Non-current	**90.2**	103.1
	127.1	146.1

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

24 Derivative financial instruments

	2022 £m	2021 £m
Financial instruments at fair value through profit and loss		
Foreign exchange forward contracts	**1.8**	1.6
	1.8	1.6
Financial instruments at fair value through other comprehensive income		
Cash flow hedges		
Foreign exchange forward contracts	**(3.0)**	(0.5)
	(1.2)	1.1
Current assets	**7.5**	3.6
Current liabilities	**(8.7)**	(2.5)
	(1.2)	1.1

Cash flow hedges
Financial assets and liabilities at fair value through other comprehensive income
Forward contracts
These amounts reflect the change in the fair value of foreign exchange forward contracts designated as cash flow hedges which are used to hedge intra-Group services or customer/supplier contracts where the underlying cost is denominated in a foreign currency. These are based on highly probable forecast transactions in euros, Hungarian forint, Indian rupees, Japanese yen, South African rand, Swedish krona and US dollars.

Financial assets and liabilities at fair value through profit or loss
Forward contracts
The Group also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases. When these other contracts are not designated in hedge relationships they are measured at fair value through profit and loss within administrative expenses.

The foreign exchange forward contract balances vary with the level of expected foreign currency costs and changes in the foreign exchange forward rates.

Effectiveness of hedging
The terms of the foreign currency forward contracts have been negotiated for the expected highly probable forecast transactions to which hedge accounting has been applied. No significant element of hedge ineffectiveness required recognition in the Consolidated Income Statement.

The cash flow hedges of the forecasted costs were assessed to be highly effective and a net unrealised loss of £3.0 million (2021: £0.5 million) with a deferred tax asset of £1.1 million (2021: £0.1 million) relating to the hedging instruments is included in the Consolidated Statement of Comprehensive Income. The amounts retained in the Consolidated Statement of Comprehensive Income of £3.0 million (2021: £0.5 million) are expected to mature and affect the Consolidated Income Statement between 2023 and 2026.

Forward currency contracts

At 31 December 2022 the Group held foreign exchange contracts as hedges of an intra-Group loan and future expected payments to suppliers. The exchange contracts are being used to reduce the exposure to foreign exchange risk. The terms of these contracts are detailed below:

31 December 2022

	Buy currency	Sell currency	Nominal value of contracts (millions)	Maturity dates	Contract rates
UK	Sterling	Euros	£1.2	Jan 23 – Oct 23	1.086 – 1.136
	Sterling	US dollars	£26.2	Jan 23 – Mar 23	1.116 – 1.229
	Sterling	Hungarian forint	£1.7	Jan 23 – Feb 24	454.525 – 502.086
	Sterling	Swiss francs	£6.0	Jan 23 – Sep 23	1.090 – 1.115
	Sterling	Swedish krona	£28.7	Jan 23 – Oct 23	12.231 – 12.600
	Sterling	SA rand	£11.0	Jan 23 – Aug 25	20.523 – 24.926
	Sterling	Japanese yen	£0.4	Jun 23	155.236
	Sterling	Norwegian krone	£0.1	Jan 23	11.874
	Sterling	Hong Kong dollars	£0.5	Jun 23	9.453
	Sterling	Singapore dollars	£1.5	Feb 23	1.621
	Sterling	Polish zloty	£0.4	Jan 23	5.286
	Sterling	Canadian dollars	£6.3	Jan 23 – Mar 23	1.630 – 1.639
	Euros	Sterling	€12.2	Jan 23 – Apr 24	0.859 – 0.901
	US dollars	Sterling	$133.4	Jan 23 – Oct 26	0.705 – 0.960
	Hungarian forint	Sterling	HUF 2,207.3	Jan 23 – Jun 24	0.002
	SA rand	Sterling	ZAR 319.3	Jan 23 – Dec 26	0.039 – 0.049
Germany	Euros	US dollars	€83.7	Jan 23 – May 26	0.985 – 1.106
	Euros	Hungarian forint	€5.4	Jan 23 – Jun 24	377.720 – 464.114
	Euros	Polish zloty	€0.6	Feb 23 – Mar 23	4.780 – 4.812
	Euros	SA rand	€1.1	Jan 23 – Oct 25	19.194
	Sterling	Euros	£1.3	Jan 23	1.152 – 1.162
	US dollars	Euros	$86.9	Jan 23 – Jul 23	0.922 – 1.027
	Hungarian forint	Euros	HUF 600.0	Jan 24 – Apr 24	0.002
	Swiss francs	Euros	CHF 0.2	Jan 23	0.984
	Polish zloty	Euros	PLN 2.1	Jan 23 – Mar 23	0.204 – 0.212
	Romanian leu	Euros	RON 1.0	Jan 23	0.202
France	Euros	Hungarian forint	€3.1	Jan 23 – Jun 24	373.040 – 460.777
	Euros	SA rand	€1.8	Jan 23 – Jun 24	17.467 – 20.747
	US dollars	Euros	$8.1	Jan 23 – Mar 23	0.935 – 1.020
Belgium	Euros	SA rand	€2.0	Jan 23 – Sep 25	18.481 – 21.021
	US dollars	Euros	$0.3	Feb 23	0.961
US	US dollars	SA rand	$5.8	Jan 23 – May 26	15.825 – 19.321
	US dollars	Japanese yen	$66.2	Jan 23 – Mar 23	124.570 – 138.064
India	Indian rupees	Sterling	INR 2,364.3	Jan 23 – Nov 25	0.01

Notes to the Consolidated Financial Statements continued

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24 Derivative financial instruments continued

31 December 2021

	Buy currency	Sell currency	Nominal value of contracts (millions)	Maturity dates	Contract rates
UK	Sterling	Euros	£1.5	Jan 22 – Oct 23	1.086 – 1.169
	Sterling	US dollars	£19.1	Jan 22 – Mar 22	1.321 – 1.380
	Sterling	Hungarian forint	£1.3	Jan 22 – Dec 22	389.996 – 456.392
	Sterling	Swiss francs	£0.4	Dec 22	1.212
	Sterling	Swedish krona	£0.3	Jan 22	12.223
	Sterling	SA rand	£18.5	Jan 22 – Aug 25	20.536 – 27.262
	Sterling	Japanese yen	£2.0	Feb 22	155.616
	Sterling	Mexican peso	£0.0	Jan 22	27.742
	Euros	Sterling	€11.0	Jan 22 – Mar 22	0.839 – 0.856
	US dollars	Sterling	$81.2	Jan 22 – Dec 24	0.705 – 0.802
	Hungarian forint	Sterling	HUF 2,536.0	Jan 22 – Dec 23	0.002
Germany	Euros	Sterling	€0.4	Jan 22	0.850 – 0.856
	Euros	US dollars	€110.3	Jan 22 – Jun 22	1.127 – 1.168
	Euros	Hungarian forint	€1.5	Jan 22 – Dec 22	358.850 – 367.957
	Euros	Polish zloty	€1.6	Jan 22 – Jun 22	4.595 – 4.688
	Euros	SA rand	€1.5	Jan 22 – Oct 25	19.194
	US dollars	Euros	$55.2	Jan 22 – Jun 22	0.856 – 0.889
	Mexican peso	Euros	MXN 3.5	Jan 22	0.043
	Hungarian forint	Euros	HUF 160.0	Jan 22 – Feb 22	0.003
	Romanian leu	Euros	RON 3.8	Jan 22 – Mar 22	0.200 – 0.202
France	Sterling	Euros	£0.4	Jan 22 – Feb 22	1.184 – 1.185
	Euros	Hungarian forint	€6.4	Jan 22 – Dec 23	354.184 – 386.614
	Euros	Polish zloty	€0.1	Jan 22	4.594
	Euros	SA rand	€2.5	Jan 22 – Jun 24	18.041 – 22.701
	US dollars	Euros	$9.0	Jan 22 – Mar 22	0.883 – 0.884
Belgium	Sterling	Euros	£0.3	Jan 22	1.195
	Euros	SA rand	€0.2	Jan 22 – May 22	18.324 – 22.714
	US dollars	Euros	$0.6	Mar 22 – Apr 22	0.883 – 0.887
US	US dollars	SA rand	$5.7	Jan 22 – May 26	15.271 – 19.321
	US dollars	Japanese yen	$30.7	May 22 – Jun 22	113.000 – 113.050

25 Leases as a lessor

Operating lease receivables where the Group is lessor

The Group entered into commercial leases with customers on certain items of machinery and software. These leases have remaining terms of between one and five years.

Future amounts receivable by the Group under the non-cancellable operating leases as at 31 December are as follows:

	2022 £m	2021 £m
Within one year	**3.6**	3.5
After one year	**6.4**	9.0

26 Provisions

	Customer contract provisions £m	Property provisions £m	Other provisions £m	Total provisions £m
At 1 January 2021	9.6	4.9	2.1	16.6
Amount unused reversed	(3.7)	–	(0.5)	(4.2)
Arising during the year	3.5	0.8	0.3	4.6
Utilisation	(2.9)	(0.1)	(0.1)	(3.1)
Exchange adjustment	(0.6)	–	(0.1)	(0.7)
At 31 December 2021	5.9	5.6	1.7	13.2
Amount unused reversed	**(1.8)**	**(0.3)**	**(0.9)**	**(3.0)**
Arising during the year	**1.3**	**0.8**	**0.4**	**2.5**
Utilisation	**(1.5)**	**(0.5)**	**(0.3)**	**(2.3)**
Exchange adjustment	**0.3**	**0.1**	**–**	**0.4**
At 31 December 2022	**4.2**	**5.7**	**0.9**	**10.8**
Current 2022	**2.5**	**1.0**	**0.3**	**3.8**
Non-current 2022	**1.7**	**4.7**	**0.6**	**7.0**
	4.2	**5.7**	**0.9**	**10.8**
Current 2021	2.0	1.1	0.4	3.5
Non-current 2021	3.9	4.5	1.3	9.7
	5.9	5.6	1.7	13.2

Customer contract provision
These provisions result from customer contracts where total cost exceeds total revenue. Refer to note 2.12.1 for further details.

Property provisions
Assumptions used to calculate the property provisions are based on 100 per cent of the market value of any contractual dilapidation expenses on empty properties and the Directors' best estimates of the likely time before the relevant leases can be reassigned or sublet, which ranges between one and nine years. The provisions in relation to the UK and European operations are discounted at 3 per cent. These costs are mainly dilapidation expenses which have not been included as part of the lease liability under IFRS 16.

Other provisions
Included within other provisions are legal claims and other costs associated with the completion of the acquisition of Computacenter NS.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

27 Financial instruments

An explanation of the Group's financial instrument risk management objectives, policies and strategies is set out in the Group Finance Director's review on pages 66 and 67.

Credit risk

The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are regularly monitored thereafter.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date and considers forward-looking information to determine the appropriate expected credit loss for the whole remaining life of the trade receivable. The maximum exposure on trade receivables, as at the reporting date, is their carrying value.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, current asset investment and forward currency contracts, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of cash and cash equivalents. The Group manages its counterparty credit risk by placing cash on deposit with a reputable banking institution, with no more than £85.0 million deposited at any one time.

Aside from the counterparty risk above, there are no significant concentrations of credit risk within the Group.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings, cash, short-term deposits, finance leases and loans for certain customer contracts. The Group's bank borrowings, existing committed and uncommitted facilities and deposits are at floating rates. No interest rate derivative contracts have been entered into. If long-term borrowings were to be utilised in the future, the Group's policy would be to maintain these borrowings at fixed rates to limit the Group's exposure to interest rate fluctuations.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	Change in basis points	Effect on profit before tax £m
2022		
Sterling	+100	**0.7**
Euro	+100	**0.1**
US dollars	+100	**1.0**
2021		
Sterling	+25	0.4
Euro	+25	0.1
US dollars	+25	0.2

The impact of a reasonable possible decrease to the same range shown in the table would result in an opposite impact on the profit before tax of the same magnitude.

Fair values

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Consolidated Financial Statements is not materially different from their carrying amount.

Exchange rate sensitivity

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and receivables are denominated and the respective functional currencies of Group companies. The functional currencies of main overseas subsidiaries are primarily the euro (€), US dollar ($), Canadian dollar (CAD) and Swiss franc (CHF).

The Group's risk management policy is to hedge all of its expected foreign currency exposure in respect of sales and purchases as soon as these are committed. The Group uses forward exchange contracts to manage its currency risk. The main currencies managed by forward foreign exchange contracts are the South African rand (ZAR), Hungarian forint (HUF), euro (€), US dollar ($), Canadian dollar (CAD), Japanese yen (JPY), Polish zloty (PLN), Swiss franc (CHF), Swedish krona (SEK), Norwegian krone (NOK), Indian rupee (INR), Hong Kong dollar (HKD), Singapore dollar (SGD) and Mexican peso (MXN).

However, hedge accounting is mainly applied to the expected trading cash flows denominated in South African rand (ZAR), Hungarian forint (HUF), euro (€), US dollar ($), Indian rupee (INR), Swedish krona (SEK) and Japanese yen (JPY) where the exposure extends beyond one year and there is a strong expectation that the expected future foreign currency cash flow will occur. The Group uses forward foreign exchange contracts, designated as cash flow hedges, to hedge these cash flows. When a commitment is entered into, forward foreign exchange contracts are normally used to increase the hedge to 100 per cent of the expected exposure, although between 80 per cent and 110 per cent of the expected exposure should be hedged to meet the risk management policy. The Group designates its forward foreign exchange contracts to hedge its cashflow risk and applies a hedge ratio of 1:1. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates;
- actual cash flows in foreign currencies varying from forecast cash flows; and
- changes in the timing of the hedged transactions.

Other than differences arising from the translation of results of operations outside of the Group's functional currency, reasonably foreseeable movements in the exchange rates of +10 per cent or -10 per cent would not have a material impact on the Group's profit before tax or equity.

The summary quantitative data about the Group's exposure to currency risk as reported to the Management of the Group is as follows:

	31 December 2022 millions		31 December 2021 millions	
	$	**€**	**$**	**€**
Trade and other receivables	**737.8**	**792.1**	543.4	659.0
Trade and other payables	**(759.6)**	**(838.4)**	(570.9)	(682.2)
Forecast future cash flow (net)	**(175.3)**	**(47.1)**	(173.9)	(228.2)
	(197.1)	**(93.4)**	(201.4)	(251.4)
Forward exchange contracts	**197.1**	**93.4**	201.4	251.4
Net exposure	**–**	**–**	–	–

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

27 Financial instruments continued

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December based on contractual discounted payments:

	On demand £m	<3 months £m	3–12 months £m	1–2 years £m	2–5 years £m	>5 years £m	Total £m
Year ended 31 December 2022							
Bank loans and credit facility	**2.1**	**1.6**	**3.8**	**5.0**	**7.6**	**–**	**20.1**
Lease liabilities	**–**	**9.2**	**27.7**	**28.6**	**43.8**	**17.8**	**127.1**
Derivative financial instruments	**–**	**5.3**	**2.7**	**0.3**	**0.4**	**–**	**8.7**
Contingent payments	**–**	**–**	**17.2**	**21.7**	**–**	**–**	**38.9**
Trade and other payables	**–**	**1,818.6**	**–**	**–**	**–**	**–**	**1,818.6**
	2.1	**1,834.7**	**51.4**	**55.6**	**51.8**	**17.8**	**2,013.4**

	On demand £m	<3 months £m	3–12 months £m	1–2 years £m	2–5 years £m	>5 years £m	Total £m
Year ended 31 December 2021							
Bank loans and credit facility	7.0	2.5	5.6	5.0	10.3	1.4	31.8
Lease liabilities	–	10.7	32.3	32.1	49.1	21.9	146.1
Derivative financial instruments	–	0.6	0.9	0.6	0.4	–	2.5
Trade and other payables	–	1,410.4	–	–	–	–	1,410.4
	7.0	1,424.2	38.8	37.7	59.8	23.3	1,590.8

The table below summarises the maturity profile of the Group's financial liabilities as at 31 December based on contractual undiscounted payments:

	On demand £m	<3 months £m	3–12 months £m	1–2 years £m	2–5 years £m	>5 years £m	Total £m
Year ended 31 December 2022							
Bank loans and credit facility	**2.1**	**1.7**	**3.9**	**5.1**	**8.0**	**–**	**20.8**
Lease liabilities	**–**	**10.2**	**30.6**	**31.4**	**48.3**	**19.2**	**139.7**
Derivative financial instruments	**–**	**5.3**	**2.7**	**0.3**	**0.4**	**–**	**8.7**
Contingent payments	**–**	**–**	**17.9**	**25.3**	**–**	**–**	**43.2**
Trade and other payables	**–**	**1,818.6**	**–**	**–**	**–**	**–**	**1,818.6**
	2.1	**1,835.8**	**55.1**	**62.1**	**56.7**	**19.2**	**2,031.0**

	On demand £m	<3 months £m	3–12 months £m	1–2 years £m	2–5 years £m	>5 years £m	Total £m
Year ended 31 December 2021							
Bank loans and credit facility	7.0	2.5	5.8	5.2	10.8	1.4	32.7
Lease liabilities	–	13.5	33.7	35.2	53.9	23.9	160.2
Derivative financial instruments	–	0.6	0.9	0.6	0.4	–	2.5
Trade and other payables	–	1,410.4	–	–	–	–	1,410.4
	7.0	1,427.0	40.4	41.0	65.1	25.3	1,605.8

Fair value measurements recognised in the Consolidated Balance Sheet

Financial instruments which are recognised at fair value subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The three levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The contingent consideration that resulted from the acquisition of BITS of $52.1 million, was measured at Level 3 fair value, subsequent to initial recognition. The Group used discounted cash flows (DCF) as a valuation technique to derive the fair value of the contingent consideration as at the date of acquisition. Having considered a range of possible earn out scenarios, management determined that a full accrual of $52.1m discounted to $44.4 million using a weighted average discount rate of 12 per cent, should be recorded as contingent consideration. This estimate provides a reasonable approximation as to the value of the contingent consideration and any reasonably possible change in the underlying assumptions would not have a material impact on the financial statements. The carrying value as at 31 December 2022 of £38.9 million ($46.9 million) is included in Trade and other payables.

Derivative financial instruments

At 31 December 2022 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of an asset of £7.5 million and a liability of £8.7 million (2021: asset of £3.6 million and liability of £2.5 million).

The net realised loss on forward currency contracts, designated as cashflow hedges, during the year of £0.5 million (2021: gains of £0.4 million) with a deferred tax asset of £0.1 million (2021: deferred tax liability of £0.1 million), are offset by broadly equivalent realised gains on the related underlying transactions.

28 Capital management

Computacenter's approach to capital management is to ensure that the Group has a strong capital base to support the development of the business and to maintain a strong credit rating, whilst aiming to maximise shareholder value. Consistent with the Group's aim to maximise return to shareholders, the Company's dividend policy is to maintain a dividend cover of between 2 to 2.5 times. In 2022, the cover was 2.5 times on an adjusted[1] profit basis (2021: 2.5 times).

Capital, defined as net funds[3], that the Group monitors is disclosed in note 31.

Each operating country manages its working capital in line with Group policies. The key components of working capital, i.e. trade receivables, inventory and trade payables, are managed in accordance with an agreed number of days targeted in the budget process, in order to ensure efficient capital usage. An important element of the process of managing capital efficiently is to ensure that each operating country rewards behaviour at an account manager and account director level, to minimise working capital at a transactional level. This is achieved by increasing commission payments for early payment by customers and reduced commission payments for late payment by customers, which encourages appropriate behaviour. Management intends to implement Group policies into acquired businesses over time with the introduction of systems, reward mechanisms and other operational practices that support these policies.

The Group regularly reviews the adequacy of its facilities against any foreseeable peak borrowing requirement. See note 21 for details on uncommitted overdraft facilities available to the Group.

In certain circumstances, the Group deposits its funds in short-term investments that do not fulfil the criteria to be classified as cash and cash equivalents. The Group considers these deposits when managing the net funds[3] of the business, and accordingly includes these deposits within adjusted net funds[3].

Capital is allocated across the Group, in order to ensure each operating company is able to manage its working capital needs efficiently and to minimise its exposure to exchange rates. Each country finances its own working capital requirements, typically resulting in borrowings in France and the US, with cash on deposit in the UK and Germany. An internal cash pooling arrangement has been implemented which utilises internal Group financing arrangements.

On 9 December 2022, the Group entered into a multicurrency revolving loan committed facility of £200 million. This replaced the previous committed facility of £60 million which was terminated and all security was released. This new facility has a term of five years plus two one year extension options exercisable on the first and second anniversary of the facility. The Group is subject to certain key financial covenants under this syndicated facility with Barclays, Lloyds, HSBC, BNP Paribas, JPMorgan and PNC Bank. These covenants, as defined in the agreement, are monitored regularly to ensure compliance. As at 31 December 2022, the Group was in compliance with all covenants.

The Group's Pivot subsidiary is also subject to certain key financial covenants under its JPMC Credit facility. The facility has been terminated during the year and all security has been released.

The recently acquired BITS subsidiary maintain a ringfenced 'Accounts Receivable and Inventory' facility with Wells Fargo of up to $100 million, secured on the assets of that subsidiary. The facility is provided on a rolling basis and the latest amendment was signed on 5 July 2022.

29 Issued capital and reserves

Issued share capital – ordinary shares

Issued and fully paid	7⅗ pence ordinary shares No. '000	Total £m
At 1 January 2022 and 31 December 2022	**122,688**	**9.3**

During the year, the issued share capital remained unchanged.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company. On a winding up of the Company, holders of ordinary shares may be entitled to the residual assets of the Company.

The Company has a number of share option schemes under which options to subscribe for the Company's shares have been granted to Executive Directors and certain senior Management (note 30).

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued/redeemed at a premium.

Capital redemption reserve

The capital redemption reserve is used to maintain the Company's capital following the purchase and cancellation of its own shares. During the year, the Company repurchased nil of its own shares for cancellation (2021: nil).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

29 Issued capital and reserves continued

Own shares held

Own shares held comprise the following:

i) Computacenter Employee Share Ownership Plan (ESOP)

Shares in the Parent undertaking comprise 1,060,021 ordinary shares of 7⅗ pence each in Computacenter plc (2021: 920,218) purchased by the Computacenter Employee Share Ownership Plan (the Plan). The principal purpose of the Plan is to be funded with shares that will satisfy discretionary executive share plans. The number of shares held represents 0.86 per cent of the Company's issued share capital (2021: 0.75 per cent).

Since 31 December 2002, the definition of beneficiaries under the ESOP Trust has been expanded to include employees who have been awarded options to acquire ordinary shares of 7⅗ pence each in Computacenter plc under other employee share plans of the Group, namely the Computacenter Service Group plc Approved Executive Share Option Plan, the Computacenter plc Employee Share Option Scheme 1998, the Computacenter Service Group plc Unapproved Executive Share Option Scheme, the Computacenter Performance Related Share Option Scheme 1998, the Computacenter plc Sharesave Plus Scheme and any future similar share ownership schemes.

All costs incurred by the Plan are settled directly by Computacenter (UK) Limited and charged in the accounts as incurred.

The Plan Trustees have waived the dividends receivable in respect of 1,060,021 ordinary shares of 7⅗pence each (2021: 920,218) that it owns which are all unallocated shares.

ii) Treasury shares

The Company holds, in treasury, the ordinary shares purchased by way of tender offer on 14 February 2018. Following the purchase, the Company's issued share capital consisted of 122,687,970 ordinary shares of 7⅗ pence each (2021: 122,687,970), each carrying one voting right, of which the Company held 8,546,861 ordinary shares in treasury (2021: 8,546,861).

As at 31 December 2022, the total number of voting rights in the Company which may be used by shareholders as the denominator for the calculations by which they can determine if they are required to notify their interest in, or a change to their interest in, the Company under the Disclosure and Transparency Rules is 114,141,109 (2021: 114,141,109). The percentage of voting rights attributable to those shares it holds in treasury following the share buy-back in 2018 is 6.97 per cent (2021: 6.97 per cent).

Translation and hedging reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the Financial Statements of foreign subsidiaries. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. Included within translation and hedging reserves is a hedging reserve debit balance of £1.7 million (2021: £0.2 million debit balance).

Non-controlling interests

The non-controlling amounts are as follows:

	2022 £m	2021 £m
Applied Computer Solutions (ACS)	**2.5**	1.7
ProSys Information Systems, Inc (ProSys)	**3.7**	2.8
R.D. Trading Limited (RDC)	**0.1**	(0.2)
	6.3	4.3

30 Share-based payments

Computacenter Performance Share Plan (PSP)

Under the Computacenter PSP, shares granted will be subject to certain performance conditions as described in the Annual Report on Remuneration. As at 31 December 2022 the number of shares outstanding was as follows:

Date of grant	Maturity date	Share price at date of grant	2022 Number outstanding	2021 Number outstanding
23/03/2012	23/03/2015	433.0p	–	1,685
20/03/2014	20/03/2017	682.5p	**6,557**	18,513
26/03/2015	26/03/2018	720.0p	**19,225**	33,267
22/03/2016	22/03/2019	845.0p	**33,093**	64,761
22/03/2017	22/03/2020	736.5p	**110,576**	182,625
21/03/2018	21/03/2021	1182.67p	**39,205**	83,642
21/03/2018	21/03/2021	1182.67p	**97,364**	97,364
21/03/2019	21/03/2022	1192.00p	**242,498**	484,082
23/03/2020	21/03/2022	993.00p	–	24,303
23/03/2020	21/03/2023	993.00p	**418,605**	429,244
23/03/2020	21/03/2023	993.00p	**173,892**	173,892
11/05/2020	21/03/2023	1472.00p	**2,853**	2,853
02/11/2020	21/03/2023	2265.00p	**14,504**	14,504
22/03/2021	21/03/2024	2175.00p	**340,822**	353,966
21/03/2021	21/03/2022	2175.00p	–	11,684
21/03/2021	21/03/2023	2175.00p	**11,685**	11,685
10/06/2021	21/03/2024	2671.00p	**7,384**	7,384
21/03/2022	21/03/2025	2911.00p	**271,109**	–
21/03/2022	21/03/2023	2911.00p	**10,879**	–
21/03/2022	21/03/2024	2911.00p	**10,880**	–
			1,811,131	1,995,454

The following table illustrates the number (No.) of share options for the PSP Scheme:

	2022 No.	2021 No.
PSP Scheme		
Outstanding at the beginning of the year	**1,995,454**	1,949,901
Granted during the year	**297,424**	384,719
Forfeited during the year	**(28,762)**	(70,043)
Exercised during the year***	**(452,985)**	(269,123)
Outstanding at the end of the year	**1,811,131**	1,995,454
Exercisable at the end of the year	**548,518**	481,857

*** The weighted average share price at the date of exercise for the options exercised was £28.25 (2021: £20.46).

The weighted average remaining contractual life for the options outstanding as at 31 December 2022 was 1.2 years (2021: 1.0 years).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

30 Share-based payments continued

Computacenter Sharesave Scheme (SAYE)

The Group operates a Sharesave Scheme which is available to all employees and full-time Executive Directors of the Group and its subsidiaries who have worked for a qualifying period. All options granted under this scheme are satisfied at exercise by way of a transfer of shares from the Computacenter Qualifying Employee Share Trust. During the year, 1,007,817 options were granted (2021: 672,082) with a fair value of £6,412,764 (2021: £4,461,737).

Under the scheme the following options have been granted and are outstanding at the year-end:

Date of grant	Exercisable between	Share price	2022 Number outstanding	2021 Number outstanding
October 2015	01/12/2020 – 31/05/2021	600.00p	–	–
October 2016	01/12/2021 – 31/05/2022	577.00p	–	110,580
October 2017	01/12/2020 – 31/05/2021	888.00p	–	–
October 2017	01/12/2022 – 31/05/2023	789.00p	**231,920**	583,494
October 2018	01/12/2021 – 31/05/2022	1,186.00p	–	67,830
October 2018	01/12/2023 – 31/05/2024	1,054.00p	**452,689**	466,853
October 2019	01/12/2022 – 31/05/2023	1,138.00p	**114,795**	274,150
October 2019	01/12/2024 – 31/05/2025	1,011.00p	**553,222**	585,518
October 2019	23/10/2019 – 23/10/2021	1,138.00p	–	12,856
October 2020	01/12/2023 – 31/05/2024	2,092.00p	**183,556**	204,399
October 2020	01/12/2025 – 31/05/2026	1,860.00p	**472,070**	507,477
October 2020	01/12/2020 – 26/01/2023	2,217.00p	**10,623**	13,719
October 2021	01/12/2024 – 31/05/2025	2,571.00p	**150,632**	170,353
October 2021	01/12/2026 – 31/05/2027	2,286.00p	**410,593**	463,513
October 2021	01/12/2021 – 25/01/2024	2,468.00p	**31,138**	36,057
December 2022	01/12/2022 – 01/06/2026	1,899.00p	**271,287**	–
December 2022	01/12/2022 – 01/06/2028	1,899.00p	**684,333**	–
December 2022	01/12/2022 – 07/05/2025	1,899.00p	**48,194**	–
			3,615,052	3,496,799

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of share options for the Sharesave Scheme:

	2022 No.	2022 WAEP	2021 No.	2021 WAEP
Sharesave Scheme				
Outstanding at the beginning of the year	**3,496,799**	**£14.30**	3,726,208	£11.20
Granted during the year	**1,007,817**	**£16.33**	672,082	£23.68
Forfeited during the year	**(183,219)**	**£19.03**	(114,095)	£13.16
Exercised during the year***	**(706,345)**	**£8.82**	(787,396)	£7.80
Outstanding at the end of the year	**3,615,052**	**£15.70**	3,496,799	£14.30
Exercisable at the end of the year	**357,535**	**£9.51**	190,682	£8.55

Note

*** The weighted average share price at the date of exercise for the options exercised was £22.08 (2021: £27.21).

The weighted average remaining contractual life for the options outstanding as at 31 December 2022 was 2.3 years (2021: 3.0 years).

The fair value of the PSP, DBP and SAYE plans are estimated as at the date of grant using the Black-Scholes valuation model. The following tables give the assumptions made during the years ended 31 December 2022 and 31 December 2021:

2022

Nature of the arrangement	PSP scheme	PSP scheme	PSP scheme	PSP scheme	PSP scheme	DBP scheme	DBP scheme	SAYE scheme	SAYE scheme	SAYE scheme
Date of grant	21/03/22	21/03/22	21/03/22	21/03/22	21/03/22	21/03/22	21/03/22	01/12/22	01/12/22	01/12/22
Number of instruments granted	101,562	143,189	7,245	1,992	21,677	10,879	10,880	49,100	272,829	685,888
Exercise price	nil	nil	nil	nil	nil	nil	nil	£16.65	£17.72	£15.75
Share price at date of grant	£29.11	£29.11	£29.11	£29.11	£29.11	£29.11	£29.11	£18.99	£18.99	£18.99
Contractual life (years)	3	3	3	3	3	1	2	2	3	5
Vesting conditions	See note 1 below	See page 127 of the Annual Report on Remuneration	Three-year service period	Three-year service period	See note 1 below	See page 127 of the Annual Report on Remuneration	See page 127 of the Annual Report on Remuneration	Two-year service period and savings requirement	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	n/a	n/a	n/a	n/a	28.80%	38.10%	37.30%
Expected option life at grant date (years)	3	3	3	3	3	1	2	2	3	5
Risk-free interest rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.45%	0.45%	0.45%
Dividend yield	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	4.25%	4.25%	4.25%
Fair value per granted instrument determined at grant date	£27.32	£27.32	£27.32	£27.32	£27.32	£28.50	£27.90	£4.01	£5.16	£7.01

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

30 Share-based payments continued

2021

Nature of the arrangement	PSP scheme	PSP scheme	PSP scheme	PSP scheme	PSP scheme	DBP scheme	DBP scheme	SAYE scheme	SAYE scheme	SAYE scheme
Date of grant	22/03/21	22/03/21	22/03/21	10/06/21	10/06/21	21/03/21	21/03/21	25/10/21	25/10/21	25/10/21
Number of instruments granted	142,078	198,076	13,812	1,425	5,959	11,684	11,685	36,057	171,506	464,519
Exercise price	nil	nil	nil	nil	nil	nil	nil	£24.68	£25.71	£22.86
Share price at date of grant	£21.75	£21.75	£21.75	£26.71	£26.71	£21.75	£21.75	£27.40	£27.40	£27.40
Contractual life (years)	3	3	3	3	3	1	2	2	3	5
Vesting conditions	See note 1 below	See page 120 of the Annual Report on Remuneration in the 2021 Annual Report and Accounts	Three-year service period	Three-year service period	See note 1 below	See page 120 of the Annual Report on Remuneration in the 2021 Annual Report and Accounts	See page 120 of the Annual Report on Remuneration in the 2021 Annual Report and Accounts	Two-year service period and savings requirement	Three-year service period and savings requirement	Five-year service period and savings requirement
Expected volatility	n/a	n/a	n/a	n/a	n/a	n/a	n/a	40.30%	39.00%	36.10%
Expected option life at grant date (years)	3	3	3	3	3	1	2	2	3	5
Risk-free interest rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.89%	3.89%	3.89%
Dividend yield	0.60%	0.60%	0.60%	0.50%	0.50%	0.60%	0.60%	1.21%	1.21%	1.21%
Fair value per granted instrument determined at grant date	£21.34	£21.34	£21.34	£26.30	£26.30	£21.61	£21.47	£5.87	£5.93	£6.96

Note

1. Issued under the terms of the Computacenter Performance Share Plan 2005, as amended at the AGMs held on 19 May 2015 and 18 May 2018. One-quarter of the shares will vest if the compound annual EPS growth over the performance period equals five per cent per annum. One-half of the shares will vest if the compound annual EPS growth over the performance period equals 7.5 per cent and the shares will vest in full if the compound annual EPS growth over the performance period equals 10 per cent. If the compound annual EPS growth over the performance period is between five and 10 per cent, shares awarded will vest on a straight-line basis. The performance period usually covers a period of three years from 1 January of the year the award is granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the recent historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

31 Analysis of changes in net funds

	At 1 January 2022 £m	Cash flows in year £m	Non-cash flow £m	Exchange differences £m	At 31 December 2022 £m
Cash and short-term deposits	285.2	(2.9)	–	(7.2)	275.1
Bank overdrafts	(12.0)	1.3	–	–	(10.7)
Cash and cash equivalents	273.2	(1.6)	–	(7.2)	264.4
Bank loans and credit facility	(31.8)	12.9	–	(1.2)	(20.1)
Adjusted net funds[3] (excluding lease liabilities)	241.4	11.3	–	(8.4)	244.3
Lease liabilities	(146.1)	55.2	(28.7)	(7.5)	(127.1)
Net funds	95.3	66.5	(28.7)	(15.9)	117.2

The financing cash flows included in the table above are detailed as follows:

	Bank loans	Credit facility	Bank overdraft	Others	Lease liabilities	Liabilities from financing activities
Balance at 1 January 2022	(24.8)	(7.0)	(12.0)	–	(146.1)	(189.9)
Changes from financing cash flows						
Interest paid	0.8	1.4	–	0.7	–	2.9
Interest paid on lease liabilities	–	–	–	–	4.9	4.9
Repayment of loans	9.6	–	–	–	–	9.6
Repayment of credit facility	–	11.0	–	–	–	11.0
Payment of capital element of lease liabilities	–	–	–	–	50.3	50.3
Bank overdraft reduction	–	–	1.3	–	–	1.3
New loans relating to acquisition of a subsidiary	(3.7)	–	–	–	–	(3.7)
New borrowings – bank loans	–	(4.0)	–	–	–	(4.0)
Total changes from financing cash flows	**6.7**	**8.4**	**1.3**	**0.7**	**55.2**	**72.3**
The effect of changes in foreign exchange rates	**(1.2)**	–	–	–	**(7.5)**	**(8.7)**
Other changes						
New leases	–	–	–	–	(45.0)	(45.0)
New leases relating to acquisition of a subsidiary	–	–	–	–	(0.8)	(0.8)
Early termination of leases	–	–	–	–	22.0	22.0
Interest expense	(0.8)	(1.4)	–	(0.7)	(4.9)	(7.8)
Total other changes	**(0.8)**	**(1.4)**	–	**(0.7)**	**(28.7)**	**(31.6)**
Balance at 31 December 2022	**(20.1)**	–	**(10.7)**	–	**(127.1)**	**(157.9)**

	At 1 January 2021 £m	Cash flows in year £m	Non-cash flow £m	Exchange differences £m	At 31 December 2021 £m
Cash and short-term deposits	309.8	(17.1)	–	(7.5)	285.2
Bank overdrafts	–	(12.0)	–	–	(12.0)
Cash and cash equivalents	309.8	(29.1)	–	(7.5)	273.2
Bank loans and credit facility	(121.2)	89.0	–	0.4	(31.8)
Adjusted net funds[3] (excluding lease liabilities)	188.6	59.9	–	(7.1)	241.4
Lease liabilities	(137.5)	55.4	(71.5)	7.5	(146.1)
Net funds	51.1	115.3	(71.5)	0.4	95.3

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

31 Analysis of changes in net funds continued

The financing cash flows included in the table above are detailed as follows:

	Bank loans	Credit facility	Bank overdraft	Others	Lease liabilities	Liabilities from financing activities
Balance at 1 January 2021	**(62.8)**	**(58.4)**	**–**	**–**	**(137.5)**	**(258.7)**
Changes from financing cash flows						
Interest paid	0.9	1.2	–	0.2	–	2.3
Interest paid on lease liabilities	–	–	–	–	5.2	5.2
Repayment of loans	48.6	–	–	–	–	48.6
Repayment of credit facility	–	51.1	–	–	–	51.1
Payment of capital element of lease liabilities	–	–	–	–	50.2	50.2
Bank overdraft	–	–	(12.0)	–	–	(12.0)
New borrowings – bank loan	(10.7)	–	–	–	–	(10.7)
Total changes from financing cash flows	**38.8**	**52.3**	**(12.0)**	**0.2**	**55.4**	**134.7**
The effect of changes in foreign exchange rates	**0.1**	**0.3**	**–**	**–**	**7.5**	**7.9**
Other changes						
New leases	–	–	–	–	(70.2)	(70.2)
New leases relating to acquisition of a subsidiary	–	–	–	–	(1.4)	(1.4)
Early termination of leases	–	–	–	–	5.3	5.3
Interest expense	(0.9)	(1.2)	–	(0.2)	(5.2)	(7.5)
Total other changes	**(0.9)**	**(1.2)**	**–**	**(0.2)**	**(71.5)**	**(73.8)**
Balance at 31 December 2021	**(24.8)**	**(7.0)**	**(12.0)**	**–**	**(146.1)**	**(189.9)**

32 Capital commitments

As at 31 December 2022, the Group had a £3.4 million commitment for capital expenditure (2021: £1.2 million).

33 Pensions and other post-employment benefit plans

The Group operates a defined contribution pension scheme available to all UK employees and similar schemes are operating, as appropriate for the jurisdiction, for North America and Germany. The amount recognised as an expense for this plan is detailed in note 9.

The Group has a provision against the retirement benefit obligations in France under the Indemnités de Fin de Carrière (IFC) as described in note 2.12.3 Economic outflows under the obligation only occur if eligible employees reach the statutory retirement age whilst still in employment or are made redundant. The Group made £0.5 million of payments during 2022 under this obligation (2021: £0.3 million).

In estimating the provision required, Management is required to make a number of assumptions. The key areas of estimation uncertainty are the discount rate applied to future cash flows, the turnover rate of employed personnel and rate of salary increases over the length of their projected employment. The level of unrealised actuarial gains or losses is sensitive to changes in the discount rate, which is affected by market conditions and therefore subject to variation. Management makes use of an independent actuarial valuation in reaching its conclusions.

The net liability recognised in the Consolidated Balance Sheet as at 31 December 2022 in respect of the Group's French retirement benefit obligations under the IFC was £23.0 million (2021: £21.8 million). Key movements during the year include a charge to the Consolidated Income Statement of £2.2 million (2021: £1.6 million) for the service cost and an actuarial gain taken through reserves of £1.7 million (2021: £1.2 million). The key driver of actuarial gain this year was the change in experience and financial assumptions, mainly due to a change in the discount rate assumption used in the actuarial valuation.

	2022 £m	2021 £m
Total defined benefit liability	**23.0**	21.8

Movements in total defined benefit liability:

	2022 £m	2021 £m
Balance at 1 January	**21.8**	23.3
Included in Consolidated Income Statement		
Current service cost	**2.0**	1.5
Interest cost	**0.2**	0.1
	2.2	1.6
Included in Consolidated Statement of Comprehensive Income		
Remeasurements loss		
Actuarial (gain)/loss arising from:	**(1.7)**	(1.2)
– Changes in demographic assumptions	**6.7**	1.0
– Change in financial assumptions	**(8.7)**	(1.6)
– Experience adjustment	**0.3**	(0.6)
Effect of movements in exchange rates	**1.2**	(1.6)
	(0.5)	(2.8)
Other		
Benefits paid	**(0.5)**	(0.3)
	(0.5)	(0.3)
Balance at 31 December	**23.0**	21.8

Actuarial assumptions
The following are the principal actuarial assumptions at 31 December (expressed as weighted averages):

	2022 %	2021 %
Discount rate	**3.8**	1.0
Future salary growth	**4.0**	2.0
Turnover rates:		
– Non-managers	**5.7**	5.7
– Supervisors	**2.7**	2.7
– Executives	**2.7**	2.7

At 31 December 2022, the discount rate used was 3.8 per cent (2021: 1.0 per cent) with reference to the iBoxx € Corporate AA 10y + index.

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2022 £m		2021 £m	
	Increase (1%)	Decrease (1%)	Increase (1%)	Decrease (1%)
Discount rate	**2.3**	**(2.8)**	2.5	(3.0)
Future salary growth	**(2.7)**	**2.4**	(3.0)	2.5
Turnover rates	**2.5**	**(2.9)**	1.9	(2.3)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2022

34 Related-party transactions

During the year, the Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into are as described below:

Biomni provides the Computacenter e-procurement system used by many of Computacenter's major customers. An annual fee has been agreed on a commercial basis for use of the software for each installation. Both Peter Ogden and Philip Hulme are Directors of and have a material interest in Biomni Limited.

The table below provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	2022 £m	2021 £m
Biomni Limited		
Sales to related parties	–	–
Purchase from related parties	**0.6**	0.6

There is no outstanding balance as at 31 December 2022 (31 December 2021: nil).

Terms and conditions of transactions with related parties

Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related-party receivables. The Group has not recognised any allowance for expected credit losses relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel (including Directors)

The Board of Directors is identified as the Group's key management personnel. Please refer to the information given in the remuneration table in the Annual Report on Remuneration on page 122 for details of compensation given. A summary of the compensation of key management personnel is provided below:

	2022 £m	2021 £m
Short-term employee benefits	**2.1**	2.8
Social security costs	**0.5**	0.4
Share-based payment transactions	**3.4**	3.9
Pension costs	**0.1**	0.1
Total compensation paid to key management personnel	**6.1**	7.2

The interests of the key management personnel in the Group's share incentive schemes are disclosed in the Annual Report on Remuneration on pages 125 to 128.

35 Contingent liabilities

The Company has given a guarantee in the normal course of business to suppliers of subsidiary undertakings for an amount not exceeding £192.7 million (2021: £126.3 million).

During the ordinary course of business, the Group can be subject to complaints and threatened or actual legal proceedings brought primarily by customers or vendors, but also on behalf of current or former employees, investors or other third parties, as well as legal and regulatory reviews, challenges, investigations and enforcement actions, both in the UK and overseas.

Where material, such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to Management's best estimate of the amount required at the relevant balance sheet date. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed to properly assess the merits of the case, and no provisions are held in relation to such matters.

In these circumstances, specific disclosure in relation to a contingent liability will be made where material. However, the Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows either separately or in aggregate.

Company Balance Sheet

As at 31 December 2022

	Note	2022 £m	2021 £m
Non-current assets			
Intangible assets	3	**8.2**	16.7
Investment property	4	**10.9**	11.9
Investments	5	**475.0**	443.0
		494.1	471.6
Current assets			
Debtors		**0.1**	0.1
Prepayments		**2.5**	0.3
		2.6	0.4
Total assets		**496.7**	472.0
Current liabilities			
Trade and other payables	6	**52.3**	73.8
Income tax payable		**0.9**	1.7
		53.2	75.5
Total liabilities		**53.2**	75.5
Net assets		**443.5**	396.5
Capital and reserves			
Issued share capital		**9.3**	9.3
Share premium		**4.0**	4.0
Capital redemption reserve		**75.0**	75.0
Merger reserve		**55.9**	55.9
Own shares held		**(127.7)**	(115.5)
Retained earnings		**427.0**	367.8
Shareholders' equity		**443.5**	396.5

The profit for the year ended 31 December 2022 included in the accounts of the Company is £147.1 million (2021: £2.3 million).

The accompanying notes on pages 205 to 208 form an integral part of these financial statements.

Approved by the Board on 6 April 2023.

MJ Norris
Chief Executive Officer

FA Conophy
Group Finance Director

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Issued share capital £m	Share premium £m	Capital redemption reserve £m	Merger reserve £m	Own shares held £m	Retained earnings £m	Shareholders' equity £m
At 1 January 2022	**9.3**	**4.0**	**75.0**	**55.9**	**(115.5)**	**367.8**	**396.5**
Profit for the year	–	–	–	–	–	**147.1**	**147.1**
Total comprehensive income for the year	–	–	–	–	–	**147.1**	**147.1**
Exercise of options	–	–	–	–	**22.2**	**(16.0)**	**6.2**
Share options granted to employees of subsidiary companies	–	–	–	–	–	**8.6**	**8.6**
Purchase of own shares	–	–	–	–	**(34.4)**	–	**(34.4)**
Equity dividends	–	–	–	–	–	**(80.5)**	**(80.5)**
At 31 December 2022	**9.3**	**4.0**	**75.0**	**55.9**	**(127.7)**	**427.0**	**443.5**
At 1 January 2021	9.3	4.0	75.0	55.9	(111.7)	432.8	465.3
Profit for the year	–	–	–	–	–	2.3	2.3
Total comprehensive income	–	–	–	–	–	2.3	2.3
Exercise of options	–	–	–	–	21.7	(15.5)	6.2
Share options granted to employees of subsidiary companies	–	–	–	–	–	10.6	10.6
Purchase of own shares	–	–	–	–	(25.5)	–	(25.5)
Equity dividends	–	–	–	–	–	(62.4)	(62.4)
At 31 December 2021	9.3	4.0	75.0	55.9	(115.5)	367.8	396.5

The accompanying notes on pages 205 to 208 form an integral part of these financial statements.

Notes to the Company Financial Statements

For the year ended 31 December 2022

1 Authorisation of Financial Statements

The Parent Company's Financial Statements of Computacenter plc (the Company) for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 6 April 2023 and the Balance Sheet was signed on the Board's behalf by MJ Norris and FA Conophy. Computacenter plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange.

2 Summary of significant accounting policies

Basis of preparation and statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.

No profit and loss account is presented by the Company as permitted by section 408 of the Companies Act 2006. The results of Computacenter plc are included in the Consolidated Financial Statements of Computacenter plc which are available from Computacenter plc, Hatfield Business Park, Hatfield Avenue, Hatfield, AL10 9TW. The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2022. The Financial Statements are prepared in pound sterling and all values are rounded to the nearest hundred thousand except when otherwise indicated.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards (adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

(a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment;
(b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
(d) the requirements of IFRS 7 Financial Instruments: Disclosures;
(e) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
(f) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  (iii) paragraph 118(e) of IAS 38 Intangible Assets; and
  (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property.
(g) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
(h) the requirements of IAS 7 Statement of Cash Flows;
(i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(j) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(k) the requirements in IAS 24 Related Party Disclosures to disclose related-party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
(l) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As applicable, equivalent disclosures are included in the Consolidated Financial Statements of the Group in which the entity is consolidated.

Intellectual property

Licences purchased in respect of intellectual property are capitalised, classified as an intangible asset on the Balance Sheet and amortised on a straight-line basis over the period of the licence, normally 20 years.

Depreciation of fixed assets

Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	25 years

Investment property

Investment property is defined as land and/or buildings held by the Company to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in supply of goods or services or for administrative purposes. The Company recognises any part of an owned (or leased under a finance lease) property that is leased to third-parties as investment property, unless it represents an insignificant portion of the property.

Investment property is measured initially at cost including transaction costs. Subsequent to initial recognition, the Company elected to measure investment property at cost less accumulated depreciation and accumulated impairment losses, if any (i.e. applying the same accounting policies, including useful lives, as for property, plant and equipment). The fair values, which reflect the market conditions at the balance sheet date, are disclosed in note 4.

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

2 Summary of significant accounting policies continued

Investments

Fixed-asset investments are shown at cost less provision for impairment.

Impairment of assets

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Amounts owed by/to subsidiary undertakings

Intra-Group receivables are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less an allowance for any uncollectable amounts. The Company assesses for doubtful debts (impairment) using the expected credit losses model as required by IFRS 9. For intra-Group receivables, the Company applies the simplified approach which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

Intra-Group payables are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method.

Share-based payment transactions

The accounting policy in relation to share-based payment transactions is disclosed in full in the Consolidated Financial Statements. In addition, the financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings is recognised by the Company in its individual financial statements as an increase in its investment in subsidiaries, with a credit to equity equivalent to the IFRS 2 cost in subsidiary undertakings.

On transition to IFRS, the Group did not apply the measurement rules of IFRS 2 to equity-settled awards granted before 7 November 2002 or granted after that date and vested before 1 January 2005. However, later modifications of such equity instruments are measured under IFRS 2.

Taxation

Corporation tax payable is provided on taxable profits at the current tax rate. Where Group relief is surrendered from other subsidiaries in the Group, the Company is required to pay to the surrendering company an amount equal to the loss surrendered multiplied by the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Own shares held

Shares in the Company, held by the Company, are classified in shareholders' equity as own shares held and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

Merger accounting and the merger reserve

Prior to 1 January 2013, certain significant business combinations were accounted for using the pooling of interests method (or merger accounting), which treats the merged groups as if they had been combined throughout the current and comparative accounting periods. Merger accounting principles for these combinations gave rise to a merger reserve in the balance sheet, being the difference between the nominal value of new shares issued by the Parent Company for the acquisition of the shares of the subsidiary and the subsidiary's own share capital and share premium account. These transactions have not been restated, as permitted by the IFRS 1 transitional arrangements.

The merger reserve is also used where more than 90 per cent of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 1985 and, from 1 October 2009, the Companies Act 2006.

The merger reserve of £55.9 million was created on acquisition of Computacenter (UK) Limited on 14 October 1995 by Computacenter plc. Immediately following the acquisition, this merger reserve was reduced to nil in the Group's Consolidated Financial Statements due to the write off of goodwill arising on the consolidation of Computacenter (UK) Limited.

3 Intangible assets

	Intellectual property £m
Cost	
At 1 January 2022 and 31 December 2022	**169.7**
Accumulated amortisation	
At 1 January 2022	**153.0**
Charge in the year	**8.5**
At 31 December 2022	**161.5**
Net book value	
At 31 December 2022	**8.2**
At 31 December 2021	16.7

4 Investment properties

	Freehold land and buildings £m
Cost	
At 1 January 2022 and 31 December 2022	**42.4**
Accumulated depreciation	
At 1 January 2022	**30.5**
Charge in the year	**1.0**
At 31 December 2022	**31.5**
Net book value	
At 31 December 2022	**10.9**
At 31 December 2021	11.9

Investment property represents a building owned by the Company that is leased to Computacenter (UK) Ltd, a fully owned subsidiary of the Company.

The fair value of investment property amounted to £33.5 million at 31 December 2022 (2021: £38.7 million). The fair values for disclosure purposes have been determined using either the support of qualified independent external valuers or by internal valuers with the necessary recognised and relevant professional qualification, applying a combination of the present value of future cash flows and observable market values of comparable properties. Management's most recent external valuation of this property took place in February 2016. As this property is leased to a subsidiary and is carried at depreciated cost value, an updated external valuation was not sought at 31 December 2022.

Notes to the Company Financial Statements continued

For the year ended 31 December 2022

5 Investments

	Investments in subsidiary undertakings £m	Loans to subsidiary undertakings £m	Total £m
Cost			
At 31 December 2021	565.0	2.8	567.8
Additions	28.0	–	28.0
Impairment	–	–	–
Share-based payments	4.0	–	4.0
At 31 December 2022	597.0	2.8	599.8
Amounts provided			
At 31 December 2021	122.0	2.8	124.8
Provided during the year	–	–	–
At 31 December 2022	122.0	2.8	124.8
Net book value			
At 31 December 2022	475.0	–	475.0
At 31 December 2021	443.0	–	443.0

During the year, the Company made an investment of $33.6 million into Computacenter Holdings Inc., a fully-owned US subsidiary, by way of a capital contribution.

The carrying values of investments are reviewed annually or when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company assesses if such indicators exist at the end of each reporting period by considering external and internal factors including whether the carrying amount of an investment exceeds the investee's net assets or if a dividend exceeds the total comprehensive income of the investee.

Details of the principal investments at 31 December in which the Company holds more than 20 per cent of the nominal value of ordinary share capital are given in note 18 to the Consolidated Financial Statements.

6 Trade and other payables

	2022 £m	2021 £m
Accruals	0.3	–
Amount owed to subsidiary undertaking	52.0	73.8
	52.3	73.8

The movement in amount owed to subsidiary undertaking is mainly due to repayment of loans.

7 Financial liabilities

Bank loans

On 9 December 2022, Computacenter Group entered into a new multicurrency revolving loan facility of £200.0 million in order to rationalise its treasury operations. The new facility has a term of five years plus two one-year extension options exercisable on the first and second anniversary of the facility. The Company paid arrangement fees of £2.5 million which are included within Prepayments on the Balance Sheet and amortised over the term of the facility. The facility was not used and the amount outstanding as at 31 December 2022 was £nil (2021: £nil).

A loan of £100.0 million was drawn at a 2.05 per cent interest rate to finance the acquisition of Computacenter United States Inc. Repayment of this loan commenced in the first half of 2019 and was fully paid in 2021.

8 Contingent liabilities

The Company has given a guarantee in the normal course of business to suppliers of subsidiary undertakings for an amount not exceeding £192.7 million (2021: £126.8 million).

The Company has provided cross guarantees in respect of certain bank loans and overdrafts of its subsidiary undertakings. The amount outstanding at 31 December 2022 is £nil (2021: £nil).

9 Auditor's remuneration

All auditor's remuneration is borne by Computacenter (UK) Ltd, a fully-owned UK subsidiary of the Company. The amount payable to the auditor in respect of the audit of the Company is £0.2 million (2021: £0.1 million), all of which is payable to KPMG LLP. The Company is exempt from providing details of non-audit fees as it prepares Consolidated Financial Statements in which the details are required to be disclosed on a consolidated basis (see note 7 to the Consolidated Financial Statements).

10 Distributable reserves

Dividends are paid from the standalone balance sheet of Computacenter plc, and as at 31 December 2022, the distributable reserves are approximately £246.3 million (2021: £199.3 million).

Disclaimer: forward-looking statements

This Annual Report and Accounts includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'anticipates', 'believes', 'estimates', 'expects', 'intends', 'may', 'plans', 'projects', 'should' or 'will', or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and Accounts and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, amongst other things, results of operations, prospects, growth, strategies and expectations of its respective businesses.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations and the development of the markets and the industry in which they operate or are likely to operate and their respective operations may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report and Accounts. In addition, even if the results of operations and the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this Annual Report and Accounts, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, those risks in the risk factor section of this Annual Report and Accounts, as well as general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations or advancements in research and development.

Forward-looking statements speak only as of the date of this Annual Report and Accounts and may, and often do, differ materially from actual results. Any forward-looking statements in this Annual Report and Accounts reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy.

Neither Computacenter plc nor any of its subsidiaries undertakes any obligation to update the forward-looking statements to reflect actual results or any change in events, conditions or assumptions or other factors unless otherwise required by applicable law or regulation.

Group five-year financial review

Group five-year summary results
As of 31 December

	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Revenue	4,352.6	5,052.8	5,441.3	5,034.5*	**6,470.5**
Adjusted[1] operating profit	118.8	151.5	206.4	262.8	**269.1**
Adjusted[1] profit before tax	118.2	146.3	200.5	255.6	**263.7**
Profit for the year	80.9	101.6	154.2	186.5	**184.2**
Adjusted[1] diluted earnings per share	75.7p	92.5p	126.4p	165.6p	**169.7p**
Adjusted net funds[3]	66.2	137.1	188.6	241.4	**244.3**
Headcount (monthly average)	15,117	15,816	16,764	17,496	**18,708**

* Revenue for the year ended 31 December 2021 has been restated to reflect the change in revenue recognition policies relating to software licences and third-party services agreements resold on a standalone basis following the finalisation of an agenda decision by the IFRS Interpretation Committee.

Group five-year summary balance sheet
As at 31 December

	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m
Tangible assets	106.3	101.4	107.0	90.0	**94.1**
Right-of-use assets	–	110.9	129.6	138.1	**119.4**
Intangible assets	184.6	175.6	274.7	273.7	**342.1**
Investment in associate	0.1	0.1	0.1	0.1	**0.1**
Deferred tax asset	9.6	9.2	10.1	30.2	**11.3**
Non-current prepayments	3.5	3.5	23.6	16.6	**19.4**
Inventories	99.5	122.2	211.3	341.3	**417.7**
Trade and other receivables (including income tax receivables)	1,180.4	996.5	1,105.9	1,284.0	**1,727.8**
Prepayments and accrued income	171.2	176.3	228.2	251.1	**265.7**
Derivative financial instruments	3.9	3.3	1.6	3.6	**7.5**
Cash and short-term deposits	200.4	217.9	309.8	285.2	**275.1**
Current liabilities	(1,351.1)	(1,257.8)	(1,586.2)	(1,783.7)	**(2,246.8)**
Non-current liabilities	(160.6)	(166.6)	(184.8)	(185.4)	**(161.4)**
Net assets	447.8	492.5	630.9	744.8	**872.0**

Financial calendar

Title	Date
AGM	17 May 2023
Ex-dividend date	15 June 2023
Dividend record date	16 June 2023
Dividend payment date	14 July 2023
Interim results announcement	8 September 2023

Corporate information

Board of Directors
Peter Ryan (Non-Executive Chair)
Mike Norris (Chief Executive Officer)
Tony Conophy (Group Finance Director)
Rene Haas (Non-Executive Director)(Resigned on 1 December 2022)
Philip Hulme (Non-Executive Director)
Ljiljana Mitic (Non-Executive Director)
Peter Ogden (Non-Executive Director)
Ros Rivaz (Senior Independent Director)
Pauline Campbell (Non-Executive Director)
René Carayol (Non-Executive Director) (Appointed on 1 November 2022)

Principal bankers
Barclays Bank plc
1 Churchill Place
Canary Wharf
London
E14 5HP
United Kingdom
Tel: +44 (0) 345 7345 345

HSBC Bank plc
8 Canada Square
London
E14 5HQ
United Kingdom
Tel: +44 (0) 345 740 4404

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom
Tel: +44 (0) 20 7311 1000

Company Secretary
Simon Pereira

Registered office
Hatfield Avenue
Hatfield
Hertfordshire
AL10 9TW
United Kingdom
Tel: +44 (0) 1707 631000

Stockbrokers and investment bankers
Credit Suisse
One Cabot Square
London
E14 4QJ
United Kingdom
Tel: +44 (0) 20 7888 8888

Investec Investment Banking
30 Gresham Street
London
EC2V 7QP
United Kingdom
Tel: +44 (0) 20 7597 4000

Registrar and transfer office
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
United Kingdom
Tel: +44 (0) 371 384 2027

Solicitor
Linklaters
One Silk Street
London
EC2Y 8HQ
United Kingdom
Tel: +44 (0) 20 7456 2000

Company registration number
3110569

Internet address
Computacenter Group
www.computacenter.com

Principal offices

UK and Group headquarters
Computacenter plc
Hatfield Avenue
Hatfield
Hertfordshire
AL10 9TW
United Kingdom
Tel: +44 (0) 1707 631000

Belgium
Computacenter NV/SA
Ikaroslaan 31
B-1930 Zaventem
Belgium
Tel: +32 (0) 2 704 9411

France
Computacenter France SAS
229 rue de la Belle Étoile
ZI Paris Nord II
BP 52387
95943 Roissy CDG Cedex
France
Tel: +33 (0) 1 48 17 41 00

Germany
Computacenter AG & Co. oHG
Computacenter Park 1
50170 Kerpen
Germany
Tel: +49 (0) 2273 5970

Computacenter AG
Kattenbug 2
50667 Köln
Germany
Tel: +49 (0) 22142 07430

Computacenter Germany AG & Co. oHG
Werner-Eckert-Str. 16-18
81829 München
Germany
Tel: +49 (0) 8945 7120

Hungary
Computacenter Services Kft
Haller Gardens, Building D. 1st Floor
Soroksári út 30-34
Budapest 1095
Hungary
Tel: +36 1 777 7488

India
Computacenter India Private Limited,
4th Floor, Purva Premiere,
Residency Road,
Bangalore 560025
India
Tel: +91 95386 11122

Japan
Computacenter Japan K.K.
Cross Office Mita 601
5-29-20 Shiba
Minato-ku Tokyo
Japan
Tel: +81 3 6809 3032

Malaysia
Computacenter Services (Malaysia) Sdn Bhd
Level 9, Tower 1
Puchong Financial Corporate Centre
Jalan Puteri 1/2, Bandar Puteri
47100 Puchong
Selangor Darul Ehsan
Malaysia
Tel: +603 7724 9626

Mexico
Computacenter México S.A. de C.V.
Av. Paseo de la Reforma, No. 412-5
Col. Juárez
Delegación Cuauhtémoc
CP 06600
México City
México
Tel: +52 (55) 6844 0700

Netherlands
Computacenter B.V.
Gondel 1
1186 MJ Amstelveen
Netherlands
Tel: +31 (0) 88 435 8000

Romania
Computacenter Services S.R.L.
Stables Office
20A Onisifor Ghibu
Record Park
Cluj-Napoca, CJ 400185
Romania

South Africa
Computacenter (Pty) Ltd
Building 1
Klein D'Aria Estate
97 Jip de Jager Drive
Bellville, 7530
Cape Town
South Africa
Tel: +27 (0) 21 957 4900

Spain
Computacenter Services (Iberia) S.L.U.
Carrer de Sancho De Avila 52-58
08018 Barcelona
Spain
Tel: +34 936 207 000

Switzerland
Computacenter AG
Riedstrasse 14
CH-8953 Dietikon
Switzerland
Tel: +41 (0) 43 322 40 80

USA
Computacenter United States, Inc.
1 University Avenue
Suite 102, Westwood
MA 02090
United States of America
Tel:+ 1 800-228-8324

Pivot Technology Solutions, Inc.
6026 The Corner Parkway, Suite 100
Norcross, GA 30092
United States of America
Tel: +1 800-228-8324

Business IT Source, Inc.
850 Asbury Drive
Buffalo Grove
IL 60089
United States of America
Tel: +1 847-793-0600

Design and production:
Gather
+44 (0) 20 7610 6140
www.gather.london

CtrlPrint

Printed on FSC® certified paper by an EMAS certified printing company, its Environmental Management System is certified to ISO 14001. 100% of the inks used are vegetable oil based, 95% of press chemicals are recycled for further use and, on average, 99% of any waste associated with this production will be recycled. This document is printed on Edixion Offset, a paper containing 100% virgin fibre sourced from well-managed forests and other controlled sources. The pulp used in this product is bleached using an elemental chlorine free (ECF) process.

Computacenter is a leading independent technology and services provider, trusted by large corporate and public sector organisations. We help our customers to Source, Transform, and Manage their IT infrastructure to deliver digital transformation, enabling people and their business. Computacenter is a public company quoted on the London FTSE 250 (CCC.L) and employs over 20,000 people worldwide.

Computacenter plc
Hatfield Avenue, Hatfield, Hertfordshire AL10 9TW, United Kingdom

Tel: +44 (0) 1707 631000
www.computacenter.com

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